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ABSTRACT

This document examines the scope, operation, and effectiveness of the Education Division of the U.S. Department of Health, Education, and Welfare, which is composed of the office of the Assistant Secretary of Education, the Fund for Postsecondary Education, the National Institute of Education, and the U.S. Office of Education. The hearings concentrated on school assistance in federally affected areas; emergency school assistance; education for the handicapped; elementary and secondary education, Title I and III ESEA programs; occupational, vocational, and adult education; research and development programs; higher education; the student loan insurance fund; higher education facilities loan and insurance fund; educational development; educational activities overseas; the salaries and expenses of the U.S. Office of Education; library resources; information dissemination; and basic educational opportunity grants. Numerous tables of statistical data are included throughout the presentation. (Author/DN)

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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1974

ED 082301

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

FIRST SESSION

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PART 2

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Education Division

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DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR FISCAL YEAR 1974

TUESDAY, MARCH 6, 1973.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

EDUCATION DIVISION

WITNESSES

DR. SIDNEY P. MARLAND, ASSISTANT SECRETARY FOR EDUCATION
DR. JOHN R. OTTINA, ACTING COMMISSIONER OF EDUCATION
DR. THOMAS K. GLENNAN, JR., DIRECTOR FOR THE NATIONAL INSTITUTE OF EDUCATION
JOE G. KEEN, BUDGET OFFICER
CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET
CHARLES B. SAUNDERS, JR., ACTING DEPUTY ASSISTANT SECRETARY OF EDUCATION, POLICY COMMUNICATION
DR. RUSSELL EDGERTON, ACTING DIRECTOR, FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION
EMERSON J. ELLIOTT, ACTING DEPUTY DIRECTOR, NATIONAL INSTITUTE OF EDUCATION
BERNARD H. MARTIN, ASSISTANT DIRECTOR FOR MANAGEMENT, NATIONAL INSTITUTE OF EDUCATION
JOHN W. CHRISTENSEN, BUDGET OFFICER, NATIONAL INSTITUTE OF EDUCATION

OFFICE OF THE ASSISTANT SECRETARY FOR EDUCATION

SALARIES AND EXPENSES, ASSISTANT SECRETARY FOR EDUCATION

OBJECT CLASSIFICATION—[In thousands of dollars]

	1972 actual	1973 estimate	1974 estimate
Personnel compensation:			
Permanent positions		1,027	1,267
Positions other than permanent		73	80
Other personnel compensation		11	11
Total personnel compensation		1,111	1,358
Personnel benefits: Civilian		84	104
Travel and transportation of persons		74	94
Transportation of things		2	3
Rent, communications, and utilities		75	89
Printing and reporduction		15	28
Other services		118	146
Supplies and materials		10	13
Equipment		6	17
Total obligations		1,495	1,852

PERSONNEL SUMMARY

Total number of permanent positions		66	85
Full-time equivalent of other positions		5	6
Average paid employment		64	88
Employees in permanent positions, end of year		66	85
Average GS grade		12.1	11.3
Average GS salary		$20,049	$17,585
Average salary of ungraded positions		$37,000	$37,000

PROGRAM AND FINANCING—[In thousands of dollars]

	1972 actual	1973 estimate	1974 estimate
Program by activities: Direction and supervision		1, 495	1, 852
Financing: Budget authority (appropriation)		1, 495	1, 852
Relation of obligations to outlays:			
Obligations incurred, net		1, 495	1, 852
Obligated balance, start of year			150
Obligated balance, end of year		−150	−186
Outlays		1, 345	1, 816

Note.—Includes $1,456,000 in 1974 and $1,416,000 in 1973 for activities previously financed from Salaries and expenses, 1972, $350,000.

POSTSECONDARY INNOVATION

PROGRAM AND FINANCING—[In thousands of dollars]

	1972 actual	1973 estimate	1974 estimate
Program by activities: Grants for postsecondary education innovation (object class 41.0)			15, 000
Financing: Budget authority (appropriation)			15, 000
Relation of obligations to outlays:			
Obligations incurred, net			15, 000
Obligated balance, end of year			−15, 000
Outlays			

Note.—In 1973, the Higher education appropriation provided $10,000,000 for these activities.

Mr. FLOOD. We now have, still under the Department of Health, Education, and Welfare, the Education Division. The presentation will be made by Dr. Sidney P. Marland, the Assistant Secretary for Education.

Doctor, we knew you long and favorably and well as the Commissioner of Education. Then somebody came along and you and I woke up one morning and you were the Assistant Secretary for Education, which is something new.

We are not just clear what your jurisdiction is as Assistant Secretary vis-a-vis the Commissioner of Education. If you will, could you tell us?

Dr. MARLAND. I would be pleased to do that.

INTRODUCTION

Mr. FLOOD. You have your people with you, and if they feel called upon to volunteer to any question, this is very informal. Any of you new fellows in this cast of characters should know that, you do not have to put your hand up. If you want to sound off, just announce your name. Not that you disagree with the doctor or that he is not doing well enough, but out of an abundance of caution. If you want to say something give us your name. If and when you do, we would like a brief biographical sketch of you since you have said something for the record.

These biographical sketches, as I think you know, are read very carefully by the concerned public. If you want to run over and whisper in the doctor's ear, this is OK, too. That is the kind of show we run here. The idea is to get the information. There are no stuffed shirts around here.

[The biographical sketches follow:]

Name: Sidney P. Marland, Jr.

Position: Assistant Secretary for Education.

Birthplace and date: Danielson, Conn., August 19, 1914.

Education: University of Connecticut, 1936, bachelor of arts; University of Connecticut, 1950, master of arts; New York University, 1955, doctor of philosophy.

Experience—1970–72: U.S. Commissioner of Education;

1968–70: President of the Institute for Educational Development, New York City; 1963–68: Superintendent of schools, Pittsburgh, Pa.; 1956–63: Superintendent of schools, Winnetta, Ill.; 1948–56: Superintendent of schools, Darien, Conn.; 1941–48: Military service with the U.S. Army and Director of Research, Pacific Military Intelligence, on the General Staff of the War Department, Washington, D.C.; 1938–41: Teacher at William Hall High School, West Hartford, Conn.

Past association memberships: Past affiliations and posts include service as president of the Great Cities School Improvement Council, vice chairman of the 1965 White House Conference on Education, and trustee of both the University of Pittsburgh and Allegheny Community College. Previously served on the Board of Directors of National Educational Television, National Merit Scholarship Corp., and Joint Council on Economic Education.

Publications: Coauthor of "The History and Significance of an Educational Experiment." Numerous monographs, book contributions, and journal articles.

Name: John R. Ottina.

Position: Acting U.S. Commissioner of Education.

Birthplace and date: Los Angeles, Calif., November 5, 1931.

Education: University of California at Los Angeles, 1953, bachelor of arts; University of California at Los Angeles, 1955, master of arts; University of Southern California, 1964, doctor of philosophy.

Experience—Present: Acting U.S. Commissioner of Education; 1971–72: Deputy Commissioner for Planning and Management, Office of Education; 1970–71: Deputy Commissioner for Development, Office of Education; 1969–70: Executive vice president, computer systems, King Resources Co., and chairman of the board and president, Worldwide Information Systems, Los Angeles; 1958–69: Vice president, System Development Corp., Santa Monica; 1956–58: Mathematical analyst, Lockheed Aircraft Corp., Los Angeles; 1954–56: Teacher, secondary school, Los Angeles.

Association memberships: California Teachers Association; Association for Computing Machinery; American Management Association.

Publications: Papers published in the following: Information System Science and Technology; System Engineering Conference; Symposia on Computer Program for Command and Control Systems (Shape Technical Center); California Journal of Educational Research.

Name: Thomas K. Glennan, Jr.

Position: Director.

Birthplace and date: Los Angeles, Calif., January 18, 1935.

Education: Swarthmore College, bachelor of science, electrical engineering, 1957; Massachusetts Institute of Technology, master of arts, industrial management; Stanford University, Ph. D., economics.

Experience—1970–72: Assistant Director, Office of Planning, Research and Evaluation, Office of Economic Opportunity; 1969–70: Director of Research and Evaluation Office of Planning, Research and Evaluation, Office of Economic Opportunity; 1966–69: Research Economist, Rand Corp., Santa Monica, Calif.; 1961–66: Research and development systems analyst, Rand Corp., Santa Monica, Calif.

Participated in several interagency and Domestic Council planning groups, including those on the President's 1970 education message, welfare reform, and planning for new communities and economic development.

Publications: Author and coauthor of a number of publications on research and development, analysis of education systems, and experiments in social planning.

Memberships: American Economic Association.

Dr. **Marland**. Very good, sir.

I do suggest, if you are willing, Mr. Chairman, that I proceed with my testimony, and then come to the substance of your question as to how we define the new Assistant Secretary's role.

Mr. **Flood**. I see you have a prepared statement. How do you wish to proceed?

Dr. **Marland**. May I present the statement, Mr. Chairman?

Mr. **Flood**. You want to read the statement?

Dr. **Marland**. If you please. It is a short statement. I would appreciate a chance to read it. I will read it quickly.

Before doing so, however, I would like all of you to know and to remember from earlier presence in this committee, Dr. John R. Ottina, the Acting Commissioner of Education; and Dr. Thomas K. Glennan, Jr., the Director of the National Institute of Education, who comes to this table for the first time in his present capacity.

Mr. **Flood**. This is your first appearance, Dr. Glennan?

Dr. **Glennan**. With HEW. I was here with OEO as Director of Research and Evaluation.

Mr. **Flood**. I can see why you are here now.

Dr. **Marland**. I might add, Dr. Glennan chose to join HEW long before any changes began to occur in OEO. He joined us some 6 months ago.

Supporting Dr. Glennan are three of his principal staff members.

Mr. **Flood**. We would like a biographical sketch of Dr. Glennan.

Dr. **Marland**. That appears with the prepared statement.

Bernard H. Martin, Emerson J. Elliott, and John W. Christensen.

Mr. **Flood**. Who are they?

Dr. **Marland**. They are assistants to Dr. Glennan, top staff officers of the National Institute of Education.

CREATION OF THE NATIONAL INSTITUTE OF EDUCATION

Dr. **Marland**. The National Institute of Education was created by Congress in the Education Amendments of 1972. They created an institution dedicated to the development of improved research and procedures for managing Federal investigations for the improvement of education universally.

Dr. Glennan was nominated by the President to the post of Director in October of 1972, and subsequently was confirmed by the Senate and took office on November 1, as Director of the National Institute.

Mr. **Flood**. He has to be confirmed by the Senate?

Dr. **Marland**. Yes.

Mr. **Flood**. Real brass?

Dr. **Marland**. As Congress required in establishing the National Institute.

Mr. **Flood**. I did not know about that confirmation.

Dr. **Marland**. I have mentioned three of the staff. I will mention others supporting Dr. Glennan.

Mr. Joseph Keen is familiar to you, and Charles Miller, from the Secretary's staff, who is known to you.

Mr. **Flood**. Yes, he certainly is.

Dr. **Marland**. There was a time when we had a man named Fred Pfluger, who was also with the Secretary's staff, assisting us. He is now assisting the committee, as you know.

Mr. **Flood**. Yes, I have heard about that.

Dr. **Marland.** Mr. Charles B. Saunders, Jr., who is deputy to my office, whom I will describe later as we come to that subject; and Mr. Russell Edgerton, who is the Acting Director of the Fund for the Improvement of Postsecondary Education, also a new instrument of Government created by Congress in the amendments of 1972.

Mr. **Flood.** Tell us in a sentence about that.

FUND FOR THE IMPROVEMENT OF EDUCATION

Dr. **Marland.** The fund for the improvement of education is a response to the congressional authority established under the Secretary of HEW in the amendments of 1972, dedicated to providing resources for postsecondary institutions to reform themselves through innovative developments and organizations and structures and procedures for establishing institutions.

This fund is established at this time at $10 million a year. We are recommending $15 million for next year. We have a staff of about 15 people. The Director will be nominated very soon by the President. It does not require Senate approval.

GENERAL STATEMENT BY DR. MARLAND

Mr. **Flood.** All right. Proceed with your statement.

Dr. **Marland.** I appreciate this opportunity to provide a general overview of the President's budget for the Education Division. However, before discussing that portion of the budget specifically included within the Department of Health, Education, and Welfare, I would like to describe briefly the magnitude of the Federal activity in this field.

For total Federal support of education, the budget calls for a total education expenditure of $13.8 billion in fiscal year 1974, a $247 million increase over estimated 1973 outlays. Almost two-thirds of the total comes from agencies outside the Education Division of the Department of Health, Education, and Welfare: principally for direct support programs such as assistance for former servicemen under the GI bill, student payments and for children of deceased or disabled social security beneficiaries and education of American Indians. There are also a number of indirect support programs: support for university research, school lunches, professional manpower training and agricultural extension services.

Looked at another way, some 46.7 percent of the Federal budget is allocated for human resources, including education, as opposed to 30.1 percent for defense. This continues the dramatic reversal of budget priorities which has taken place since the President's first year in office, when 34.4 percent went to human resources and 44 percent to defense. In dollar outlays this shift is even more dramatic: while spending for national defense has remained virtually at the 1969 level of $81 billion, spending for human resources has increased from $63.5 billion to $125.5 billion from 1969 to 1974.

Mr. **Flood.** You will have to break that statement down.

Dr. **Marland.** In terms of the total?

Mr. **Flood.** Not now, but for the record.

Dr. **Marland.** We can do that.

Mr. **Flood.** A statement like that calls for a little bit of explanation.

Dr. **Marland.** Yes. An extract can be drawn from the budget.

HUMAN RESOURCES BUDGET

Mr. **Flood**. When you say Defense is so-and-so and human resources are so-and-so, that calls for a little breakdown about the human resources big, round, fat figure. In other words, for the first time in history we have a budget bigger than the Department of Defense, and so on. Break that one down. It is not quite what it appears to be.

Dr. **Marland**. Very good.

[The information follows:]

HUMAN RESOURCES OUTLAYS

[In billions of dollars]

	Actual				Estimate	
	1969	1970	1971	1972	1973	1974
Education and manpower	$6.5	$7.3	$8.7	$9.8	$10.5	$10.1
Health	11.6	13.0	14.5	17.1	18.0	21.7
Income security	37.7	43.8	55.7	64.9	75.9	82.0
Veterans benefits and services	7.7	8.7	9.8	10.7	11.8	11.7
Total	63.5	72.8	88.7	102.5	116.2	125.5

EDUCATION DIVISION'S BUDGET REQUEST

Dr. **Marland**. For the Education Division, comprising the U.S. Office of Education, the National Institute of Education, and the Fund for the Improvement of Postsecondary Education, the budget requests $5.3 billion. That budget sustains the highest priority programs while reducing relatively marginal programs to make way for new initiatives to reshape the Federal role in aid to education at all levels.

Essentially, this new Federal role is as a catalyst for reform. For years the Federal Government has channeled aid to education through various narrow-purpose programs, each with its own federally prescribed regulations, guidelines, and reporting and auditing requirements. While each such program, in its time, was undoubtedly desirable, the accumulation of these categorical programs has become inefficient and redundant. Heavy administrative burdens are imposed at both State and local levels. As categorical programs and their special requirements have proliferated, Federal aid has increasingly posed serious difficulties in the efforts of State and local agencies to meet their own educational needs. These agencies have found it harder and harder to focus effectively Federal dollars in compatibility with local and State needs.

Therefore, the administration's budget continues to stress the consolidation of the various programs providing formula grants to the States for elementary and secondary education. Education revenue sharing would fuse some 30-odd programs into a single authority. Funds would be available for assistance in broad areas of national concern such as education of the disadvantaged, education of the handicapped, and vocational education. Under this broader authority, States and localities would have greater freedom to determine their own priorities and to decide how best to meet those priorities.

The 1974 request includes more than $3 billion for elementary and secondary programs; $2.5 billion for education revenue sharing ($2.8

billion including the school lunch program carried in the Agriculture budget), $271 million for emergency school assistance to meet the additional costs of school desegregation, $94 million for demonstration and training programs for education of the handicapped, and $181.5 million for other programs. Among these, major priorities are for bilingual education and for the further development and refinement of career education through demonstrations, curriculum development, and vocational and adult education special projects. The budget also provides $129 million for OE's educational development activities: Training programs with high impact on the disadvantaged and the career education effort, the right to read program, and improvement of data systems.

In postsecondary education, the major goal of the administration's budget is to insure that anyone, whatever his financial circumstances has access to education beyond high school. The budget would provide $1.8 billion for postsecondary education—an increase of $166 million over the revised 1973 level, reflecting the administration's continuing commitment to increasing postsecondary opportunities. Student grant assistance is increased by $337 million over 1973, and $739 million over 1972. The total recommended for Basic Education Opportunity grants, work-study, and federally subsidized loans will be sufficient to meet existing needs for all students wishing to attend college, assuming continuation of present State and institutional aid programs. For the first time in history, every young person who aspires to postsecondary education can now be encouraged realistically to enroll.

The 1974 budget would increase from $10 million to $15 million a new program to support innovation and reform in postsecondary education. This program, the Fund for Improvement in Postsecondary Education, established by the Education Amendments of 1972, will help fulfill our national commitment to strengthen postsecondary educational opportunities. While other programs extend opportunities for access to postsecondary education, the Fund will work to improve the effectiveness and quality of postsecondary education itself.

The population seeking postsecondary education now includes over half of all high school graduates as well as many individuals beyond "college age." Many of these new students have new and different interests and learning styles as a result of the multiple cultural and technological changes at work in our society. Many are from socioeconomic groups previously underrepresented in postsecondary education, or from circumstances which prevent them from attending traditional, residential postsecondary institutions.

POSTSECONDARY EDUCATION

Mr. Flood. What do you mean by postsecondary education?

Dr. Marland. That is a term which Congress has wisely established to reach beyond the conventional definition of a college or university. It does, therefore, include such institutions as proprietary schools.

PROPRIETARY SCHOOLS

Mr. Flood. What is a proprietary school?

Dr. Marland. It is a school that is run either for profit or not for profit but targeted rather specifically on an occupational mode, such as the IBM School for Computer Programmers, such as a school for the development of hairdressers, a school that deals concretely with a singular occupational field and which requires tuition not greatly different from that of a more conventional college or university.

It was the congressional intent, as we read the law surrounding this subject, to reach out beyond the conventional 2- and 4-year colleges and universities.

To improve the effectiveness and quality of education for this new population, the fund will seek to increase the diversity and cost-effectiveness of postsecondary education through support for new approaches to teaching and learning, new services for new clienteles, and new and revitalized institutional missions.

Support for developing institutions, particularly black colleges and other higher education institutions serving large numbers of minorities is continued at the fiscal year 1973 supplemental request level of $100 million.

DEVELOPING INSTITUTIONS

Mr. **Flood**. You use the word "developing" institutions. What do you mean by developing institutions?

Dr. **Marland**. It is a term, sir, which we have used somewhat as a generic description for schools that are serving minority people on the whole. It is a term that expresses in fact the very limited conditions of economics in these schools. Most of them are schools with very limited endowments, if any, serving a low economic population, on the whole. They have historically been a tremendous resource to this country. There are some 120 so-called black colleges. We are now attempting to increase the number of colleges and target their interest particularly on Indians and Mexican-American young people.

This is not to perpetuate racial isolation, but to provide an upward avenue for minority people, knowing that the needs of those institutions are unique, both as to attracting quality faculty and, indeed, surviving.

Mr. **Flood**. Do you find any development currently as a result of what has been going on in recent years, of a desire by the so-called minorities to attend institutions where the other students are of there own minority, race, color, or whatever you call it?

Dr. **Marland**. Like other citizens of all races, including yours and mine, Mr. Chairman, there are varying values.

Mr. **Flood**. You find Catholics who want to go to Catholic schools. What about this?

Dr. **Marland**. Exactly. Sometimes some minority people want to go to schools principally serving that minority. Some do not.

Mr. **Flood**. Do you see that increasing at all levels—elementary, secondary—in the cities?

VARIETY OF PEOPLE'S ASPIRATIONS

Dr. **Marland**. I see it as a natural condition for people to have different aspirations and different values. I do not see it as necessarily increasing. I do see it as maturing in terms of being a less strident condition in whatever direction.

For example, if a group of black students wish to have a social organization on a university campus, this is done and frequently assisted by the administration. On the contrary, if some black students want to insist upon an integrated environment for some of the things they want to do, that, too, is actuated.

I see no trend, other than I believe I could say a maturing attitude on the part of both minority people and nonminorities in accommodating to individual differences.

Mr. **Flood.** It seem to be a very human reaction.

Dr. **Marland.** I would think so.

BUDGET REQUEST FOR NIE

The request for the National Institute of Education totals $162 million, an increase of $19 million for this new agency which Congress established at the administration's behest, to provide vigorous national focus for educational research and development. A number of former Office of Education and Office of Economic Opportunity programs have been or will be transferred to NIE. The Institute will concentrate its activities on three broad areas, subject to approval of the National Council on Educational Research: basic studies to strengthen the scientific and technological foundations of education, building an effective research and development system to which makes it possible to link research findings with current practice and large-scale projects focused on certain educational problems that are of major concern.

The final item in my presentation is salaries and expenses for the immediate office of the assistant secretary and the postsecondary innovation staff. Our request of $1,852,000 reflects an increase of $309,000 over the 1973 comparable level of $1,543,000. The immediate office of the assistant secretary will remain at 55 positions. The increase of 15 positions for the postsecondary innovation staff provides for a total of 30 positions to effectively administer this new program.

CONCLUSION OF OPENING STATEMENT

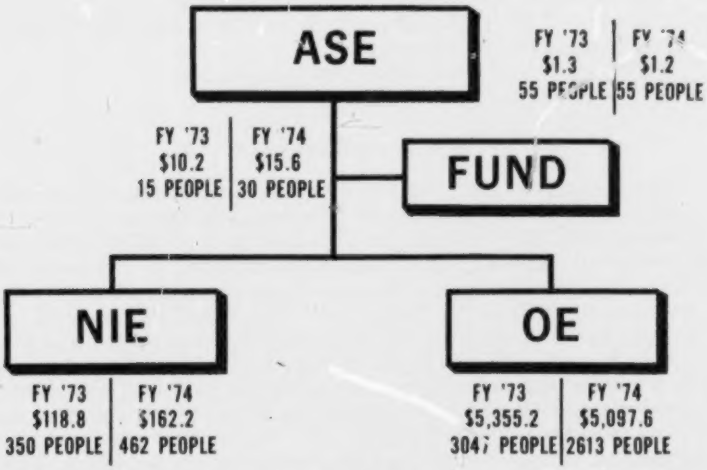
In summary, the budget for the Education Division maintains the highest Federal priorities for improving education for the disadvantaged and the handicapped, for minorities, for expanding postsecondary opportunities, for research and development on major educational problems.

At the same time, the budget would accomplish a needed transition to a more rational and less dictatorial role for the Federal Government in aiding education; a role which would offer assistance in broad areas of national concern and underwrite needed research and development in those areas, while placing greater responsibility for meeting educational needs at the State and local levels where the problems actually are. Such a restructuring of the Federal role should lay the basis for more effective and equitable Federal aid to education in the future.

While this opening statement has been consciously brief, my colleagues and I anticipate extended discussions with the committee on the details of the education division budget during the days to come. We will be pleased to respond to questions or to proceed into the presentation of detailed budget requests according to the wishes of the committee.

[Chart follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
EDUCATION DIVISION


ASE
FY '73
$1.3
55 PEOPLE
FY '74
$1.2
55 PEOPLE
FUND
FY '73
$10.2
15 PEOPLE
FY '74
$15.6
30 PEOPLE
NIE
FY '73
$118.8
350 PEOPLE
FY '74
$162.2
462 PEOPLE
OE
FY '73
$5,355.2
3047 PEOPLE
FY '74
$5,097.6
2613 PEOPLE

(Dollars In Millions)

ROLE OF THE ASSISTANT SECRETARY

Mr. Flood. You have been here a while, and you know we prefer a brief statement such as you have given.

I began by asking you about your jurisdiction. Let me put a question on the record which is flat on the point.

Doctor, the position you hold was created by the Education Amendments of 1972. This new legislation directs that this position shall be assigned the responsibility for the direction and supervision of the Education Division as opposed to the Office of Education and the National Institute of Education, both.

Will you describe your role and explain the function of this position of yours within the hierarchy of the HEW?

Dr. Marland. I will be pleased to, Mr. Chairman. I will be pleased, furthermore, to submit to any cross-examination you may wish to administer in the event I do not respond as fully as you wish.

Mr. Flood. Don't worry about that.

Dr. Marland. The Congress did establish this post. It is the first and only post established by statute as an Assistant Secretary in HEW. The terms you have used are correct, in that Congress has said that the Secretary shall give direction and supervision to the Division of Education, and that Division shall be made up of the Office of Education, the National Institute of Education, and subsequently, as detailed by the Secretary of HEW, the fund for the improvement of postsecondary education.

NATIONAL INSTITUTE OF EDUCATION

Mr. Flood. Will you develop further for the record just what is the National Institute of Education.

[The information follows:]

Development and Purpose of the National Institute of Education

The National Institute of Education (NIE) came into being August 1, 1972, with the broad legislative mandate "to seek to improve education * * * in the United States."

Its creation as a separate agency within the Department of Health, Education, and Welfare culminated nearly 15 years of Federal interest in the expanding field of educational research and development (R. & D.). Its supporters hoped that NIE would consolidate and give higher status to the Federal Government's education R. & D. activities, establish a solid base for efforts to solve education prolems, and advance the practice of education in general.

The first proposal related to a National Institute of Education was made in 1958 by an advisory board set up by the National Academy of Sciences/National Research Council. The board envisioned an educational institute comparable to the National Institute of Mental Health, and, in refining its proposals, called for the establishment of an Organization for Research in Education to conduct and sponsor educational research.

No action was taken then, but in 1964, the Panel on Educational Research and Development of the President's Science Advisory Committee recommended that "institutional arrangements" be made "for the initiation and management of new research programs and for the dissemination of results."

Subsequent recommendations from other sources such as American Educational Research Association (AERA) advocated a similar agency. A message from President Nixon to Congress in 1970 called for creation of the National Institute of Education within the Department of Health, Education, and Welfare. It would have "a permanent staff of outstanding scholars from such disciplines as psychology, biology, and the social sciences as well as education." He proposed that the Institute conduct some in-house research, and that the bulk of its work be carried on by universities and other organizations. He also urged that it be guided by a council of "distinguished scientists, educators, and laymen to insure that educational research in the Institute achieves a high level of sophistication and rigor."

He added that the Institute would set priorities for educational research and experimentation, and link activities of other Federal agencies "to the attainment of particular national goals." He also said that the Institute would "develop criteria and measures for enabling localities to assess educational achievement and for evaluating particular educational programs, and would provide technical assistance to State and local agencies seeking to evaluate their own programs."

Legislation to create the National Institute of Education was introduced in the 91st Congress shortly after the President's message was delivered, but that Congress adjourned before the bill could be brought to a vote.

When the 92d Congress convened, the NIE legislation was reintroduced. During the course of committee deliberations on the Education Amendments of 1971, the NIE proposal received strong bipartisan support and was included in final committee prints of those amendments. The Senate version was approved and forwarded to the House, which passed it with changes. A conference committee resolved the differences between the two versions, and released its report and recommendations to the House and Senate on May 22, 1972. The conference bill, by now the Education Amendments of 1972, was passed by the Senate on May 24 and by the House on June 8, and was signed into law on June 23, 1972.

Title III of the act establishes an Education Division in the Department of Health, Education, and Welfare, headed by an Assistant Secretary for Education. This Division includes the Office of Education and the National Institute of Education, both reporting separately to the Secretary of HEW through the Assistant Secretary.

Title III also "declares it to be the policy of the United States to provide every person an equal opportunity to receive an education of high quality regardless of his race, color, religion, sex, national origin, or social class."

It notes that "although the American educational system has pursued this objective, it has not yet attained that objective. Inequalities of opportunity to receive high quality education remain pronounced. To achieve quality will require far more dependable knowledge about the processes of learning and education than now exists or can be expected from present research and experimentation in this field."

While stressing that "the direction of the education system remains the primary responsibility of State and local governments," Congress declared that the Federal Government "has a clear responsibility to provide leadership in the conduct and support of scientific inquiry into the educational process." The act then establishes NIE to carry out this policy by: helping to solve or alleviate the problems of, and achieve the objectives of American education; advancing the practice of education, as an art, science, and profession; strengthening the scientific and technological foundations of education; and building an effective educational research and development system.

The act also establishes a National Council on Education Research to formulate general policies for the Institute; to prescribe the Directors' powers and duties; to advise the Assistant Secretary and the Director on program development; to recommend improved methods of collecting and disseminating educational research findings; to conduct studies necessary to fulfill its own functions; and to submit annual reports on the Institute's activities and on education and educational research in general. The 15 Council members are to serve 3-year terms,[1] and as noted above, are to be appointed by the President with the advice and consent of the Senate.

Through the Institute, the Director is authorized to "conduct educational research; collect and disseminate the findings of educational research; train individuals in educational research; assist and foster such research, collection, dissemination, or training through grants, or technical assistance to, or jointly financed cooperative arrangements with, public or private organizations, institutions, agencies, or individuals; and promote the coordination of such research and research support within the Federal Government."

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[1] Except those appointed the first year. Of these, five will serve 1-year terms; five, 2-year terms; and five, 3-year terms.

RELATIONSHIPS OF FEDERAL EDUCATION OFFICERS

Dr. **Marland.** The relationship which I think your question sought to probe, the relationships between the Assistant Secretary and the Commissioner of Education and the Director of the National Institute of Education, are, in my judgment, sound and workable. They may appear to be somewhat cloudy to those who view the situation externally because, quite properly, the Commissioner of Education historically, and consistent with many laws in Congress, does have authority to administer many programs, and, indeed, is the autonomous authority for many activities to be carried out under the statute.

Correspondingly, the newly established Director of the National Institute of Education also has considerable responsibility and authority, working in close collaboration with a very powerful National Council on Educational Research established also in the law, with general policymaking responsibilities.

Within the broad policies of the National Council on Educational Research, Dr. Glennan, as Director, will have responsibility to carry forward research activities with considerable freedom.

On both counts, therefore, you have two very important officers of Government established with considerable authority and yet reporting to the Assistant Secretary and, through the Assistant Secretary, to the Secretary.

NATIONAL COUNCIL ON EDUCATIONAL RESEARCH

Mr. **Flood.** For the record, will you give us the names and addresses of the members of that group?

Dr. **Marland.** This is the National Council on Educational Research?

Mr. **Flood.** Yes.

Dr. **Marland.** I will have to qualify that in this way, Mr. Chairman. Let me refer, if I may, to this diagram, which I believe all of you have in front of you. If you look at the lower left-hand part of the chart——

Mr. **Flood.** NIE.

Dr. **Marland.** NIE. You can quite properly sketch in a box adjacent to that which is entitled the National Council on Educational Research. That Council has not yet been named.

The reason I qualified some of my introductory remarks in terms of the policies that are now being generated in NIE is that they will be subject to very sharp and formal review by the National Council, which has a considerable jurisdiction under the statutes, and should have, so as to remove scholarly research from the more formalistic processes of the Civil Service Commission.

Mr. **Flood.** Who names this Council?

Dr. **Marland.** The President names the Council.

Mr. **Flood.** How long has it been in existence?

Dr. **Marland.** The Council was authorized in law at the same time NIE was established, on June 23, 1972.

Mr. **Flood.** How many members are on the Council?

Dr. **Marland.** There are 15 members, including a chairman. All must be named by the President. We expect that they will be named possibly as soon as the end of this week.

Mr. **Flood.** If and when that is done, will you give us their names.

Dr. **Marland.** We will be pleased to do that.

[The information follows:]

FOR IMMEDIATE RELEASE

March 24, 1973.

Office of the White House Press Secretary (Key Biscayne, Florida)

THE WHITE HOUSE

The President today announced his intention to nominate 15 persons to be members of the National Council on Educational Research for the terms indicated.

For a term of 1 year:
- Dr. James S. Coleman, of Baltimore, Md.; professor of social relations, Johns Hopkins University, Baltimore, Md.
- Vincent J. McCoola, of Camp Hill, Pa.; director, Office of Aid to Nonpublic Education, State Department of Education, Harrisburg, Pa.
- Vera M. Martinez, of Albany, Calif.; student, Graduate School of Public Policy, University of California at Berkley, Berkley, Calif.
- Carl H. Pforzheimer, Jr., of Purchase, N.Y.; senior partner, Carl H. Pforzheimer and Co., and president Carl and Lily Pforzheimer Foundation, Inc., New York, N.Y.
- Dr. Wilson Riles, of Sacramento, Calif., State superintendent of public instruction, Sacramento, Calif.

For a term of 2 years:
- Dr. William O. Baker, of Morristown, N.J.; president, Bell Telephone Laboratories, Murray Hill, N.J.
- Dr. T. H. Bell, of Salt Lake City, Utah; superintendent Granite school district, Salt Lake City, Utah.
- Dr. Dominic J. Guzzetta, of Akron, Ohio; president, University of Akron, Akron, Ohio.
- Dr. Charles A. LeMaistre, of Austin, Tex.; chancellor, University of Texas System, Austin, Tex.
- W. Allen Wallis, of Rochester, N.Y.; chancellor, University of Rochester, Rochester, N.Y.

For a term of 3 years:
- Ralph M. Besse, of Shaker Heights, Ohio; attorney, Squire, Sanders and Dempsey, Cleveland, Ohio.
- Dr. John E. Corbally, Jr., of Urbana, Ill.; president, University of Illinois, Urbana, Ill.
- Patrick E. Haggerty, of Dallas, Tex.; chairman of the board, Texas Instruments, Inc., Dallas, Tex.
- Mrs. Ruth Hurd Minor, of Roselle, N.J.; principal, Locust Street School, Roselle, N.J.
- Dr. John C. Weaver, of Madison, Wis.; president University of Wisconsin, Madison, Wis.

The President also announced his intention to designate Mr. Haggerty as Chairman of the Council upon his confirmation by the Senate. Upon the expiration of the initial, staggered 1 and 2-year terms, members are to serve terms of 3 years. The Director of the National Insitute of Education serves as an ex officio member of the Council.

The National Council on Educational Research was established by the Education amendments of 1972 (Public Law 92–318), which also established the National Institute of Education in the Department of Health, Education, and Welfare. The purpose of the Council is to establish policies for the Institute and advise the Assistant Secretary for Education and the Director of the NIE on development of the Institute's programs. The Council is to report annually to the President and the Congress.

ADVISORY COUNCIL FOR POSTSECONDARY EDUCATION

Dr. **Marland**. I might add, as you look at this diagram you will notice the term "Fund". The Fund for Postsecondary Education also will have an advisory council, not with the extraordinary authority established for NIE, but with a significant authority for reviewing applications and investments that this fund will make. It, too, while it is not named yet, will shortly be named, possibly this week, and I will be pleased to submit their names and résumés to this committee.

[The information supplied follows:]

The members of the advisory council on the Fund for the Improvement of Postsecondary Education have not yet been selected. Upon their selection, the list of names and a biographical sketch of each will be forwarded to the Appropriations Subcommittee.

Dr. **Marland**. Of course, the Office of Education now has 24 different advisory councils of one kind or another, and you are familiar with them in general.

I think that is a brief sketch, Mr. Chairman, of the relationships.

POLICY DEVELOPMENT ROLE OF THE ASSISTANT SECRETARY

I would add, in closing, that the Assistant Secretary's role is viewed as a policy development role. Secretary Richardson, in amplifying the role and in declaring this post, for purposes of regulations, in the Federal Register, said:

> I expect the Assistant Secretary to be the principal officer for education in HEW. I expect him to articulate the many other parts of education in the Federal Government through the Federal Interagency Committee on Education which is established in Executive order. I expect him to be the voice or the spokesman for education at the Federal level in the United States.

These were amplifications by the Secretary at the time he established the organization within HEW that I am describing.

It means that Dr. Ottina and I have a relationship not greatly different from that which I, as Commissioner of Education, had with the Secretary. The Secretary respected the relative authority and autonomy implied in the Office of Education's leadership role, and yet was in charge, ultimately. There was a great deal of authority and necessay freedom implicit in Mr. Richardson's relationship with the Commissioner, and I would say that we have a similar relationship at this time between the Assistant Secretary and the two principal directors. There is a Director of NIE and the Director of the Fund and the Commissioner of Education. Broad policy development, broad deployment of resources, staff, funds, broad goals to be hammered out mutually and collegially among these several important parts of government in which we will attempt to give Congress and the Administration deeper, better, more soundly constructed Federal proposals in which we would have confidence, to guide the government over the years to come.

Mr. **Flood**. Now that you have been in existence, now that you have been operating, wearing that hat for the last year or so——

Dr. **Marland**. Only since about November, sir.

ORGANIZATIONAL RELATIONSHIPS

Mr. FLOOD [continuing]. How are your relationships? You were Commissioner of Education. You know the education set-up over there and the various bureaus and sub-bureaus and a collection of minor deities and hierarchies that existed over there, almost like the Germans before Bismarck. That kind of thing was going on and still is. Are they getting in your hair, or are you getting in theirs, these sacred cows, or are you a sacred cow, or what? What is the situation around there?

Dr. MARLAND. The Government was fortunate, Mr. Chairman, at the time, in the nomination of Dr. John Ottina to be Deputy Commissioner of Education for Management. He took office in that role at about the 1st of January 1971.

Since that time, we have had the benefit of a wise and able manager with business experience as well as teaching experience and a capacity to introduce reforms without necessarily dismissing able and loyal and hardworking government employees; but at the same time removing what I think you imply as a category of bureaucratic deadwood.

Mr. FLOOD. That is a very careful understatement.

Dr. MARLAND. Yes, sir. It was meant to be. But it has been effective in sharpening the system of the Office of Education.

There will continue to be regroupings of functions, staff and people, particularly under the proposed implications of this budget, that will continue to call for very skillful management, high efficiency, high productivity of staff.

OFFICE OF EDUCATION MANPOWER LEVELS

You will note, if we refer to the chart again, there will be significantly fewer people in the Office of Education under our 1974 budget. In 1973, you see a total authorized staff of 3,047. You will see effective July 1, 2,613. Those are not just sweeping broadsides of the economy. They will be carefully structured for greater efficiency.

I think I can also add there will be no untoward threatening of individuals with abrupt and thoughtless dismissals. This will be done individually and carefully. There will probably be no need for summary dismissals. There will be restructuring of jobs, and there will be a continued effort to remove redundant or unproductive components of that Office.

Mr. FLOOD. You know that we are concerned about this.

Dr. MARLAND. I think I do, sir. I am mindful of your concern.

POSSIBILITY OF A DEPARTMENT OF EDUCATION

Mr. FLOOD. Now that this position of Assistant Secretary for Education has been created and given all that overall responsibility for education policy, would it not be a good idea to have a separate organization for education outside of HEW? In connection with that, you will recall that 2 years ago this committee felt there should be a separate appropriation bill early in the year, as early as possible for the Office of Education, for obvious reasons.

People back home, especially in the elementary and secondary areas, the so-called school boards, school districts, and whatnot, wanted to know when they were going to get their money, and how much, for their budgets, hiring of teachers, and so on.

We went ahead with it and gave birth to a separate appropriation bill for the Office of Education. The President vetoed it. We overrode the veto.

This year we intended to do the same thing, but then we encountered plans for special revenue sharing, which calls for new legislation, and so on, which makes that rather difficult.

Now we are calling education, as you see, for hearings first, instead of the Department of Labor, hoping that maybe we still might be able to do that, as remote as it seems. That is why you are here instead of Secretary of Labor Brennan this morning. What do you think?

Dr. MARLAND. I appreciate the concern you express. I might add that in fiscal year 1971, when we had a good, clean budget and a good reconciliation with this committee and the Senate committee, we moved our budget through and had no veto, and had a budget in hand for the schools that you are describing, for the universities and colleges concerned, at July 1. It was a remarkable condition which we would like very much to repeat.

As for a separate department, there are those who feel strongly this would somehow enhance education in the Federal profile and hierarchy of Government. I have pleaded for such a condition myself before coming to Washington, as a school administrator and as one occasionally appearing before this committee and before other congressional committees to testify on this subject.

In the time that I have been here, I have come to be less impressed with any enchantment to be derived from an autonomous department. I think the manner of governance in Washington is such as to say a Cabinet officer may or may not be in a position of exercising greater authority, greater autonomy, or greater freedom of decision, and that it would not necessarily follow that an organizational autonomy would carry with it a higher level of either success or visibility.

I think the move of the President in moving toward what will be called the human resources department or the human resources components of Government under a counselor which he has now named as Secretary Weinberger, in addition to his other duties, may in part reach in that direction. It may imply that as a counselor for Human Resources, Mr. Weinberger would be in a position to attach a higher level to the several components that will make up that Human Resources Division. In other words, having lived in the role of an HEW officer now for about 2½ years, I am saying that it does not necessarily follow that a spearate department would be better for education than a visible and effective part of HEW, where it can link effectively with other human resource functions such as health, such as social services, such as the utilization of departmentwide talent for planning and research.

NEED FOR SERVICES INTEGRATION

So, there are very logical reasons to put human resources into one large component for reason of what is termed, within our Department, services integration where it is useful for education to blend its resources, for example, with health, and to come up with an activity in a given community where those resources are pooled to serve human beings better.

That is a quick answer to your question, perhaps one that reveals my own bias at this time that we see ourselves as an Assistant Secretary's office now as somewhat higher in the arrangement of Government as a component of human resources, moving toward the direction that you are pointing, but not necessarily calling for a separate cabinet office.

SCHOOL FINANCE

Mr. **Flood.** I am sure that you know better than anybody else about this matter of school finance. If you do not know, nobody knows.

Dr. **Marland.** I will speak to that.

Mr. **Flood.** This subject was studied just this last year by a national commission, and the Advisory Commission on Intergovernmental Relations, the ACIR. How does the 1974 budget address itself specifically to that red hot problem?

Dr. **Marland.** The 1974 budget, Mr. Chairman, does not respond yet, nor is it likely that it will during the period of these deliberations, to the inquiries that you have described. There has been a national commission on school finance appointed by the President, and it has reported to the President. There has been a detailed research analysis by ACIR.

I might add, there has been a third function which you may not have know about, but at the command of President Nixon the Office of Education established a task force addressing the issue of elementary and secondary school finance, and has arrived at a number of alternatives that are now being studied in the administration along with the findings of the other two agencies which you named.

The outcome of this is not reflected in this budget for the reason that the President has not yet reached a decision on this subject. I think one could say that the problem remains serious, that the issues, not all of them totally economic, but in some cases having to do with equity and justice as reflected in the *Serrano* case in California and the *Rodriguez* case in Texas which questioned the constitutionality of the system for appointing elementary and secondary——

RECENT COURT CASES

Mr. **Flood.** For the record, will you briefly set out both the cases?

Mr. **Marland.** Yes. Very good. We will submit a synopsis of both cases.

Those issues are very real, and it is very likely that in the course of the spring or summer the Supreme Court will be asked to judge, particularly in the case of Rodriguez, as to whether or not there is inequity. This will undoubtedly have some bearing on future deliberations with this committee.

Mr. **Flood.** I do not want you necessarily to plead each case; just a synopsis.

Dr. **Marland.** Very good.

The upshot of it is that there remains, in my judgment, a condition of unsettled need in elementary and secondary education which the administration is still addressing in its chambers.

Mr. FLOOD. By the way, in the *Rodriguez* case, what is the situation on the Supreme Court calendar?

Dr. MARLAND. I believe there is a date for May or June.

Mr. FLOOD. Will you find out, if you can, and put that in the record, too?

Dr. MARLAND. If we have a date for the Rodriguez review, it will be in the record we give you. It may not be calendared yet.

[The information follows:]

Notes: *Serrano* v. *Priest* 5 Cal. 2d 584, 487 P. 2d 1241 (1971).

Facts: Plaintiffs are Los Angeles County public school children and their parents. Plaintiff children represent a class consisting of all public school pupils in California, except children in that unknown school district affording the greatest educational opportunity of all school districts within California. Plaintiff parents present a class of parents who have children in the school system and who pay real property taxes in the county of their residence. In California, over 90 percent of public school funds come from two basic sources: (a) local district taxes on real property and (b) aid from the State School Fund. The amount of revenue which a district can raise by levying taxes on the real property within it is a function of both its tax base and its tax rate. Aid supplied from the State takes two forms: (1) "basic state aid" consisting of a flat grant to each district per pupil per year, and (2) "equalization aid" which is distributed in inverse proportion to the wealth of the district. Equalization funds guarantee to the poorer districts a basic minimum revenue; but wide disparities remain in the revenue available to individual districts and, consequently, in the level of educational expenditures. Under the foundation program the State must make up the difference between $55 per elementary child (the minimum expenditure established by the legislature) and the amount of revenue per child which the school district could raise by levying a tax of $1 per $100 of assessed valuation. This difference is then composed of both basic aid and equalization aid. A wealthy district receives the flat grant irregardless of the fact that it has established enough revenue by itself to surpass the statutory minimum. Thus, the economic chasm between wealthy and poor districts is made greater by the finance system. The plaintiffs sought relief arguing that because the educational opportunities made available to children attending public schools in poor districts were substantially inferior to the educational opportunities made available to children in wealthy districts and because plaintiff parents are required to pay a higher tax rate than taxpayers in other school districts in order to obtain for their children the same or lesser educational opportunities afforded children in those other districts, they have been denied the equal protection of the laws under both the 14th amendment of the U.S. Constitution and provisions of the California constitution. At the trial level, defendants filed general demurrers to the complaint asserting that none of the claims stated facts sufficient to constitute a cause of action. The trial court sustained the demurrers with leave to amend. Upon failure to amend, defendants' motion for dismissal was granted. An order of dismissal was entered and an appeal to the State Supreme Court followed.

Issue: Whether the California public school financing system, with its substantial dependence on local property taxes and resultant wide disparities in school revenue, violates the equal protection clause of the 14th amendment and provisions of the California constitution by invidiously discriminating against the poor by making the quality of a child's education a function of the wealth of his parents and neighbors?

Decision: Yes.

Rationale: The court found the school finance system unable to withstand constitutional analysis under the equal protection clause, recognizing education as a "fundamental interest" which could not be conditioned upon a wealth classification.

Because the case reached the court on a demurrer, the court—as is the practice—treated the demurrer as admitting all material facts properly pleaded. What this means is that the defendants had said to the court, "Even if everything plaintiffs alleged were true, they still do not have a case." Thus, the court assumes everything to be true in reaching their decision in the case.

Prior to reaching the equal protection claims of the plaintiffs, the court rejected their argument that article IX, section 5 of the California constitution providing for a "system of common school" required uniform educational expenditures throughout the State.

In its analysis of the school finance system, the Court discussed two equal protection tests: rational basis and strict scrutiny. The former presumes the constitutionality of the legislative scheme and requires merely that the classifications established bear some rational relationship to any conceivable state purpose; the latter imposes upon the State the burden of not only establishing a compelling State interest justifying the distinctions drawn but also demonstrating that these distinctions are necessary to further its purpose. Suspect classifications have embraced classificatory factors such as race, religion, and national origin. Fundamental interests, or rights, have been defined as being those rights preservative of all other rights and have included voting, the right to travel, and first amendments rights.

The court in *Serrano* found a suspect classification by stating that the financing scheme discriminated against both families and districts on the basis of wealth. It established a fundamental interest in education. In doing so, the court has expanded these two concepts beyond what the U.S. Supreme Court has chosen so far to do.

In discussing wealth as a suspect classification ,the court analogized to cases dealing with wealth discrimination in areas involving access to the electoral process and the administration of criminal justice. The court rejected the contention by the defendants that classifiction by wealth is constitutional so long as the wealth is that of the district and not individuals. Even if there is found to be no correlation between a district's per pupil assessed valuation and the wealth of its residents, discrimination on the basis of district wealth would be equally invalid. The court rejected the argument that the discriminatory classification was merely de facto, stating that the fact the results may have been unintentional cannot excuse the discrimination. Moreover, it was impressed with the extent to which the wealth classifications were determined by governmental action. In addition, even if the classifications be termed de facto, the California court has already held in racial discrimination cases (although the U.S. Supreme Court has remained silent) that de facto discrimination is just as constitutionally impermissible as de jure discrimination.

In establishing education as a fundamental interest, the court admitted that it cannot support such a designation by any direct authority of the U.S. Supreme Court for precedent. It did, however, analyze those cases of the supreme Court which had dealt with education in differing contexts as well as other "fundamental interest" cases. In a footnote, the court cited *Shapiro* v. *Thompson*, welfare case, for the proposition stated indicated that certain wealth discrimination in the area of education would be unconstitutional. More importanly, the court put forth two reasons for judicial recognition of education as a fundamental interest of society: (1) education is a major determinant of an individual's chances for success in a competitive society, and (2) education is a unique influence on a child's development as a citizen and his participation in political and community life.

Applying the strict scrutiny standard, the court could not find a compelling State interest which could be put forward to support. The system without deciding whether local control may be a compelling State interest, the court found that the present financial system could not be considered necessary to further such an interest. Moreover, it declared that the doctrine of fiscal free-will put forth by defendants was a cruel illusion for poor school districts; so long as the assessed valuation within a district's boundaries is a major determinant of how much it can spend for its schools, only a district with a large tax base, the court found, was actually able to decide how much it really cared to spend for education.

Finally, the court distinguished the case from *McInnis* v. *Ogilvie* which had upheld the constitutionality of the Illinois school finance system and had been summarily affirmed by the U.S. Supreme Court. The court refused to give the case much weight as precedent and distinguished the two cases by stating that whereas *McInnis* had repeatedly emphasized "educational needs" as the proper standard for measuriny school finance systems against the demands of the equal protection clause, *Serrano* concerned itself with the use of wealth as a determinant in the distribution of a fundamental service.

NOTES: *Rodriguez* v. *Antonio*, 337 F. Supp. 280 (1971).

Facts: Plaintiffs represented Mexican-American school children and their parents living in Edgewood Independent School District and all other children in Texas living in school districts with low property valuations. To provide their share of the minimum foundation program, to satisfy bonded indebtedness for capital expenditures, and so finance all expenditures above the States minimum, local school districts are empowered within statutory or constitutional limits to levy and collect ad valorem property taxes * * *. This system assumes that the value of property within the various districts will be sufficiently equal to sustain comparable expenditures from one district to another. It makes education a function of the local property tax base * * * those districts most rich in property also have the highest median family income and the lowest percentage of minority pupils, while the poor property districts are poor in income and predominantly minority in composition.

Issue: Does the current method of State financing for public elementary and secondary education deprive the plaintiff's class of equal protection of the laws under the 14th amendment of the U.S. Constitution?

Decision: Yes.

Rationale: In a per curiam opinion, the three-judge, Federal Court invoked in this action, based their decision on an application of the "compelling State interest-strict scrutiny equal protection test." It stated that the constitutional and statutory framework employed by the State in providing education draws distinction between groups of citizens depending upon the wealth of the district in which they live. Thus, the court determined that wealth should be treated as a suspect classification and that education should be treated as fundamental interest. The system was contrasted with the goal of "fiscal neutrality" advocated by the plaintiffs (which would require that the quality of public education not be a function of wealth, other than the wealth of the State as a whole), against which the court found it could withstand neither a "compelling State interest" not "reasonable basis" analysis. The court dismissed the arguments by the defendants that the present method of financing provided an advantage in granting decisionmaking power to individual districts and in permitting local parents to determine how much they desired to spend on their children's schooling by declaring that the State had, in fact, actually limited the choice in financing by guaranteeing that some districts would spend low with high taxes while others would spend high with low taxes. The court stated in conclusory terms that, on the issue of educational quality, the current system of financing public education in Texas discriminated on the basis of wealth by permitting citizens of affluent districts to provide a higher quality education for their children while paying lower taxes. The court left the remedy for the legislature to develop with the direction that the program adopted not make the quality of education a function of wealth other than the wealth of a State as a whole.

NOTE.—The oral arguments for this case were heard before the Supreme Court on October 12, 1972. The Supreme Court decision is expected within the next few weeks, although the exact date is uncertain.

Mr. FLOOD. Is that about as far as you want to go?

Dr. MARLAND. I think it is as far as I can go with any sense of security in reporting to you. I say again, the administration has taken seriously the dangerous conditions, especially in urban education in America, but it is not yet in a position to come before you with a proposal.

FEDERAL SHARE OF THE COST OF EDUCATION

Mr. FLOOD. These national educational organizations are urging that the Federal share of the cost of elementary and secondary education be increased to one-third, in round numbers, of the total cost.

I thought that you, Dr. Marland, were also supporting an increase in the Federal share of that cost. Now this surprising budget seems to be going in another direction. Are you surprised as well, as Assistant Secretary for Education? Will you explain the situation?

Dr. MARLAND. Mr. Chairman, the voices that would call for a one-third sharing of elementary and secondary costs by the Federal Government are well known to me, and I have joined those voices. I have said on the record before, and I will say again—my figure has been 25 percent, but it is in the ball park with the other figure—I have said over time as I attempt to influence the administration's position, I would struggle to help us move to the level of 25 percent or more in terms of the efficiency of raising revenue and the degree to which the Federal Government does have interest and responsibility consistent with those resources.

It does have a bearing on the item I mentioned earlier as to the implied and alleged inequities in the present system of going to the property tax as the primary source, now supporting 51 percent of the cost of elementary and secondary education. It has a bearing on that.

It may well be that over time, the reconciliation of that inequity will be in a Federal role substantially increased over what is now about 7 or 8 percent of the total cost of elementary and secondary education.

I will continue to urge within the administration for movement in this direction. I have not changed my beliefs, convictions, and hopes. We are living in a time of considerable fiscal stress, as you know, and we have endeavored to put before you a budget that is compatible with the President's determination to halt inflation and to reduce unemployment and to avoid a tax increase.

I have endeavored, in working with this budget and laboring within the administration, to enhance the resources for education.

Mr. Flood. It is like walking across Niagara Falls on a rope—it is a good trick, whether you do it or not.

Dr. Marland. That is about right.

Mr. Flood. You may want, for the record, to develop that further. There is no reason that you shouldn't. We have no objection to special pleaders. That is not a bad word.

Dr. Marland. I would like to submit a brief amplification for the record.

Mr. Flood. It is a pretty rough question. I think you should want to.

Dr. Marland. I will be pleased to consider it, Mr. Chairman.

Mr. Flood. Within reason, of course.

Dr. Marland. It would be a one-pager.

Mr. Flood. I doubt that.

[The information follows:]

Thoughts on the Federal Role in Education

Excerpts from a speech entitled "Education and the New Federalism" by S. P. Marland, Jr., Assistant Secretary for Education, Department of Health, Education, and Welfare, presented before the Annual Convention of the American Association of School Administrators, Atlantic City, N.J., February 27, 1973.

"If we are approaching a generation of peace, as our President has predicted and as we all pray, then all Americans are on the verge of a period of national and individual fulfillment unexampled in our history. Some, of course, will benefit far more because their need is far greater. I speak of the very poor; the illiterate; the unemployed; the underemployed; the tens of thousands of aimless, unprepared, frightened young men and women who must look to education for their hope and their guidance; the handicapped in our schools and out of them; the minorities whose fight for equality has challenged America and may yet ennoble us as a people. The conditions under which the education profession has been forced to operate have never been more difficult than they have been in our lifetime. Despite divisiveness and public disunity, despite the multiple problems that have inevitably afflicted the young of this Nation as they came of age in an atmosphere of fear and ambivalence, you have succeeded in measures that are written in the country's unmatched record of social and intellectual accomplishment. The affirmative statistics are clear and they need no citing here.

"It is my conviction that the massive shift in national values of which I speak will be principally a shift toward the educational ethic, meaning a quantum leap in the demands made upon educational facilities and educational practitioners at all levels—demands that will be made upon you and upon me. If I am right, the immediate future will bring us far greater opportunity than we have ever known for the full discharge of our professional and personal commitment to the cause of learning, and a far greater responsibility for enrichment of American life. As America's expectations for its schools rise, and as the demands upon us as school leaders are compounded, we are, perhaps for the first time in history, a nation whose newly realigned resources can match the hope of its people."

FINANCIAL SITUATION IN URBAN SCHOOLS

Mr. Flood. The reason I say that, it is now 11 o'clock, and I do not want to make this a one-man show with this committee. You know we never do. We do not like to do that here.

What is the current financial picture in the big city schools?

Dr. Marland. It is dreadful, Mr. Chairman.

Mr. Flood. I understand some of them—Chicago, Detroit——

Dr. Marland. Los Angeles, Philadelphia.

Mr. Flood. Yes, and so on.

This morning, on this date, New Haven is back in trouble.

Anyhow, some of them have indicated that they may actually have to close down before the end of the school year. They are not fooling. What about this? Can the Federal Government provide any help?

Dr. Marland. The circumstances are dangerous, Mr. Chairman, in my judgment, and they are notably dangerous in the cities you have cited and other cities.

Mr. Flood. What do you mean, the circumstances are dangerous?

Dr. Marland. The circumstances surrounding the fiscal problems of elementary and secondary schools in metropolitan areas are growing worse in this way: The costs of education are outstripping the resources——

Mr. Flood. Progressively worse.

Dr. Marland. Progressively worse—available to the communities to raise funds for education. It is the product of two or three phenomena, if you will.

One is the condition that we describe as municipal overburden, in which the resources of a city must be deployed among many services to the people, including education, in which it is now substantially the record that about one-third of those municipal resources can be allowed for education.

DEMARCATION BETWEEN CITY COUNCIL AND SCHOOL BOARD

Mr. Flood. This is raising another question. There exists a classical demarcation in our cities, historically. Here is the city, and the city council traditionally, historically, in the Anglo-Saxon tradition. Over here is the school board, the school district, now becoming in recent years not just within the municipal environment but a joint school board, a joint school district, increasing its geographic jurisdiction.

There are all sorts of conflicts between the joint school districts, the joint school boards, vis-a-vis those municipal entities, the city council, within their jurisdictions. What about that?

Dr. Marland. I recognize the distinctions you are making, which imply that the municipal jurisdiction in terms of city council and the mayor may be a different jurisdiction from that of the traditional and classic definition of the school board, which in many cases have autonomy.

Nonetheless, my argument that raises the issue of municipal overburden still sustains in that there is so much money to be raised by local property taxes or other resources within that municipality. Whether there is an independent school board or a dependent school board, both terms having to do with the degree to which the city council controls the resources of the board of education within the tax structure, whether or not there is an independent or a dependent school board, the issue remains there are so many dollars raised, and the mere fact of sustaining a city commands two-thirds or more of those resources, to sustain the city for other services than education.

Mr. **Flood.** Keep in mind State's rights, the right of the State to determine these entities.

Dr. **Marland.** I will come to that.

If you turn to other kinds of jurisdiction, smaller cities and suburbs and rural areas, the services other than education, where you do not have the municipal overburden phenomenon, can be sustained with about one-third of their typical revenues. Therefore, the cities have a unique problem, and the problem is growing worse in that the revenues in a great many of our cities, not all, are such that the resources are diminishing as the needs of the children increase.

Mr. **Flood.** Of course, I started it by saying big cities. I should not have done that, because this is not restricted to these so-called great cities.

Dr. **Marland.** Nor is it universal with all of them. For example, there are some big cities that are not at this stage in deep distress under the generalizations that we are dealing with, but a great many are, Mr. Chairman.

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

You referred earlier to the Advisory Commission on Intergovernmental Relations, a very prestigious and competent body consisting of Members of this Congress as well as scholars and researchers and local and State members of government. They have come to the conclusion, turning now to the State part of this, that most of the States are in a position, with their present resources and capacities for revenue raising, to resolve these issues.

The chairman well knows of earlier testimony I have offered at this table which speaks to the problem of State legislatures, which tend, by and large, to be unsympathetic to the needs of the big cities in those States. Philadelphia is a good example. Pittsburgh, which I know better, is a good example.

It is very difficult for those cities, through the present distribution of general assembly representation, to carry their points of need successfully in the State legislature.

STATE AID FOR URBAN SCHOOLS

Mr. **Flood.** That is because of the makeup of the State general assemblies and the dominance of the rural interests, especially in the State senates.

Dr. Marland. This is true. It is part of the problem, sir. It is part of the solution, ultimately, if we are to have a solution. Ways must be found for the redeployment of State resources in such a way as more accurately to respond to the needs of these large cities, in desperate condition. You probably will remember that even in your own State, there have been times at the intervention of the Governor when other resources were found to save the condition of some of our big cities such as Philadelphia or Pittsburgh. This has happened in the case of Chicago. It will probably happen in the case of Detroit, in one way or another.

We hope we do not have to close those schools. When I say "we," I am speaking as a professional school administrator, not as one who is in a position to make that decision. We as professionals are distressed that education is at the point where, for lack of dollars, this great institution that is called free education in the United States is threatened.

Mr. Flood. As a matter of fact, you are not unknown in the Pittsburgh area.

UNCERTAINTY AS TO FEDERAL ROLE

Dr. Marland. I consider it a very grave condition, one in which I believe there is a Federal role ultimately to be discovered, notwithstanding the negative findings of ACIR in terms of the position that I would favor. ACIR says the States should be able to handle this problem with their present revenue-raising capabilities. It may be the Federal role will be one of incentive for States to change their system. It may be one of persuasion through a Federal dollar that will bring about a reform of the State system of funding education. We do not know yet.

Mr. Flood. For my question and your answer at this point, this is all right, but we would like for the record that you go much further than you do because of the time problem in answering this kind of major question. You will, I am sure.

Dr. Marland. Let me be sure I have the question so we can give you a more detailed and thoughtful answer than I have. If I may restate it, sir, to be sure I have it right, the question is: What do I see, as Asssitant Secretary for Education, as to the graveness of the problems in urban school systems, and what do I see as long-term solutions for those problems? Is that a fair restatement?

Mr. Flood. Yes.

[The information follows:]

URBAN SCHOOL PROBLEMS

I. *Financial Problems of Urban Schools*

Many big city schools are caught in a severe financial crisis, with three dramatic consequences: School closings, school strikes, and anticipated early school closings.

1. *School Closings: 1971–72.*—Three large school systems closed down as a result of financial problems: Independence, Mo.; Dayton, Ohio; and Portland, Oreg. In each case the school system was running a deficit and the electorate had rejected property tax increases. Dayton closed for 1 week, Independence 2 weeks, Portland 1 month. After the school closings voters still rejected a tax increase except in Dayton. By "readjusting" budgets, reducing staff, etc., these school systems do not currently have operating deficits. The next school year they may have deficits unless the State and the taxpayers provide additional funds.

2. *School Strikes.* Since September 1972 there have been at least five school strikes—Indianapolis-October 1972 about 2 weeks; Chicago-January 1973 3 weeks; St. Louis-January 1973 4 weeks; Cleveland-January 1973 1 week; Philadelphia-4 weeks in October, teachers returned to work, then in January 1973 struck again.

Among other demands such as additional preparation time, smaller classes, etc., each strike has included a demand for teacher salary increases. Since teacher and other personnel salaries account for about 80 percent of operating budgets implications for future financing are obvious. Many of these school officials believe teachers should have salary increases but because of the financial squeeze increases can't be granted. Thus the strikes are directly related to the financial crisis and certainly heightened the crisis.

3. *Anticipated Early School Closings.* Chicago, Detroit, and Philadelphia have announced they will run out of money and will have to close early—in March and May, unless additional funds come from State and Federal sources.

Detroit: $80 million deficit. Had announced school would not reopen after Christmas 1972 holidays, for 8 weeks. State legislature agreed to find remedy if schools opened in January. Schools reopened, State legislature still has not provided remedy, the $80 million deficit remains. The board has announced schools will close March 15 if additional monies are not found (critics claim the State is wealthy enough to provide additional funds. The State does not believe local school tax effort is great enough. Detroit school levy is low compared to rest of State but total city taxation is higher than rest of State).

Chicago: $72 million deficit. Board had stated schools would run out of money and close in March. Teachers strike—3 weeks, gained 2.5 percent teacher salary increase, $72 million deficit still remains, board stated must close in March, deficit will be larger next year, and the solution is greater State and Federal funding.

Philadelphia: Most critical. Had a $52 million deficit. Board had stated schools would have to close May 15. Now in second strike (one teacher demand is for higher salaries). School system could have $126 million deficit next fiscal year. The Mayor has pledged not to raise taxes, the State which has on two occasions "bailed" out the Philadelphia schools through additional grants, claims it will not give additional aid because there should be greater local effort.

Summary: Some big city schools already face huge operating deficits. Over the past few years they have laid off teachers, increased class sizes, etc. These officials contend they have cut all they can, and that massive additional funding from the State and Federal Governments is needed. Many school systems do not have deficits but are now beginning to juggle to reduce staff, to avoid deficits. These officials foresee deficits in the future unless additional State and Federal funds are forthcoming. There are some urban school systems which do not have school deficits and through a combination of factors seem to be in healthy financial condition.

II. Long Term Solution

The financial problems of big city schools are inextricably bound up with the general fiscal crisis of urban centers. All city services cost more and inflation continues to push these costs even higher. In competition for scarce resources education does not fare well against such activities as police and fire protection and sanitary services. Rising welfare costs continue to overburden central cities.

1. The first priority must be to stabilize the economy, halt inflation and provide full employment.

2. As the present system of welfare programs undergoes reform, the runaway costs associated with this activity in metropolitan areas will abate resulting in less pressure on local tax sources.

3. General revenue sharing funds will provide an increasingly solid base upon which local governments will be able to construct financial programs for critical city services. State governments will be encouraged to use their general revenue sharing funds to assist cities in supporting critical services including education.

4. State governments will reassess their roles in financial support for elementary and secondary education and, because of increasing public and legal pressure, will restructure their support system to provide a more equitable State share of the burden.

5. Finally, the Federal Government will consolidate present and future categories of education programs into broad areas of national concern. The resultant programs will provide State and local officials greater flexibility in targeting resources on the most critical problems.

TAX CREDITS FOR NONPUBLIC SCHOOLS

Mr. FLOOD. I note that the 1974 budget refers to legislation proposing tax credits for the nonpublic elementary and secondary schools. Of course, this would affect the revenue side of the budget. Nevertheless, we are still interested in the subject.

Could you describe the current Federal policy toward nonpublic schools?

Dr. MARLAND. The President has declared the intention of this administration to bring some order of relief to parents of children in nonpublic schools. He believes, and those of us in education I think would broadly support the assertion, that the American system has been built upon a variety of options open to families to make their choices about schooling.

The economic condition of many of our nonpublic schools, notably those that are church-related, has shown a deterioration.

The deterioration of resources in the nonpublic schools, especially those that are church related, has reached a dangerous condition in the eyes of the President, and he has declared it the intention of this administration to provide——

Mr. FLOOD. You say church related. Are there others?

TYPES OF NONPUBLIC SCHOOLS

Dr. MARLAND. The nonpublic schools altogether are embraced in the administration's proposal, namely, that there be a form of tax credit proposed not inconsistent with that which was offered by Mr. Mills a year ago, in a form that would reimburse parents through the mechanism of tax credits.

Mr. FLOOD. I repeat the question. In the eyes of the public, undoubtedly when you mention this type of school, it is generally identified with a church school of some kind. Are there other kinds?

Dr. MARLAND. There are other kinds, sir. There are about 4½ million young people in all of the elementary and secondary nonpublic schools. This includes Exeter, Phillips, Choate, as well as the church-related schools which are identified with the Roman Catholic Church, the Lutheran Church, the Episcopal Church, and others.

Mr. FLOOD. Are they all just prep schools?

Dr. MARLAND. Elementary and secondary schools, which would include those that are referred to as prep schools, such as Choate or Andover. It includes all elementary and secondary nonpublic schools. The parents of children enrolled in those schools would be able under this proposal to have a tax credit.

At this time the figure, in dollars, I am sure is to be debated with Congress, possibly under the mantle of the Treasury Department as distinct from HEW. We will not be engaged in that deliberation, probably. A sum of money that would total the cost approximately of $300 million the first half-year in loss of revenues, and probably $600 million the second year, would satisfy the projected needs of taking that course of action.

It is done to encourage families to keep their options open for those who wish to take advantage of an option for a nonpublic school.

Mr. **Flood.** I do not want to belabor this. Be sure, now, that you are aware of the so-called lace curtain school as distinguished from just nonpublic schools.

Dr. **Marland.** It would be difficult to discriminate between what you describe as the lace curtain schools and other nonpublic schools.

Mr. **Flood.** I do not want you to discriminate.

Dr. **Marland.** Under law, in constructing a system, I think it would be hard to say the tax credit advantage goes to this kind of a nonpublic school but not to that kind of nonpublic school.

Mr. **Flood.** I want you to tell us. I am asking questions. I am no special pleader.

ADMINISTRATION'S INTENTION CONCERNING NONPUBLIC SCHOOLS

Dr. **Marland.** I am saying in the administration's present intent, all nonpublic school parents would be entitled to this.

Mr. **Flood.** Develop this at some length, within reason, for the record.

Dr. **Marland.** I will be pleased to do so. That information I will secure, however, from Treasury. It will not be a HEW matter.

Mr. **Flood.** I do not care where you get it, but there are different facets of that question. Don't miss any.

Mr. **Michel.** May I ask at this point, would there not be a family income factor in this?

Dr. **Marland.** Yes.

If I appear to be only lightly informed on that, it is not a function of this office.

[The information follows:]

INCOME TAX CREDITS FOR NON-PUBLIC ELEMENTARY AND SECONDARY SCHOOL TUITION

The administration continues to favor the idea of a tax credit for tuition paid for the nonpublic education of children at the elementary and secondary school levels.

As we so testified before the Ways and Means Committee on August 14, we favor legislation which would reimburse some part of that tuition.

At that time we also proposed changes in the bill which had been proposed. We continue to believe that legislation is desirable with the changes we suggested.

We would hope that such legislation would be in place to take effect on January 1, 1974. The President's budget carries an estimated reduction in revenues of $300 million to cover the half-year revenue impact in fiscal year 1974.

SALARIES AND EXPENSES

Mr. **Flood.** Salaries and expenses. You have 55 jobs down in your office, and you want the same number for 1974. How many and what kind of positions were transferred from the Office of Education in creating your office? Are these positions presently filled now? What are these people doing? Then will you have your people supply for us a chart.

Dr. **Marland.** I have a chart.

Mr. **Flood.** We do not want it now. Supply an organizational chart, one of those classical organizational charts of your office, for the record.

If you want to use it now for the purpose of my question and other members' questions——

Dr. Marland. I will use it for the purposes of the discussion, and then will submit it.

We are now talking about the box at the top of the other diagram we referred to earlier, the ASE box, where it says 55 people.

Mr. Flood. This, of course, will be submitted as part of your original statement in the record.

Dr. Marland. The Congress in creating this office, through the language of its report of the conference committee, established the number of 55 people in the first year as suitable for this office.

Mr. Flood. You are not asking for any more in 1974?

Dr. Marland. No.

Mr. Flood. You are quite a guy. You are a new breed.

Dr. Marland. I think we should tell you that I have some biases on this subject.

Mr. Flood. So have we.

Dr. Marland. If I may finish the statement, my bias is to say this is not going to be another layering of bureaucracy on top of the Office of Education.

Mr. Flood. Ordinarily, "bias" is a bad word, but not on this sort of thing.

Dr. Marland. My bias is to keep this a small, effective, and lively outfit.

Mr. Flood. That is healthy.

Dr. Marland. The numbers of people, 55, are roughly one-half professional staff and one-half support staff, including clerks, secretaries, bookkeepers, and so on.

Mr. Flood. Half?

Dr. Marland. About half.

Mr. Flood. That is a miracle.

Dr. Marland. That is the intent, sir.

Mr. Flood. Are you bucking for stripes? Do you want an award as a topflight administrator, sir?

Dr. Marland. I would like that, yes, sir.

Mr. Flood. I will see about that. At some banquet, someplace, some night at the Mayflower.

Dr. Marland. Very good, sir.

STATUS OF THE PRESENT ORGANIZATION

You asked what the status of the present organization is. It is barely in place, sir. We have not had the authority through the regulatory process of government to employ people for this under the other constraints with which we are working. We do have the authority to name these 55 people. Until very recently, there have been internal constraints on how many we could hire.

Mr. Flood. How many of these people did you actually take with you down the hall?

Dr. Marland. All of the slots were reduced from the Office of Education, plus 4, but the 4 we are not going to use because we are limiting it to 55.

Mr. Flood. You are the classicial brigade commander, bird colonel in Marine Corps being promoted to brigadier. Were you in the Marine Corps?

Dr. MARLAND. I was in the Army, sir.

Mr. FLOOD. Go ahead.

Dr. MARLAND. All of these positions were deducted from the Office of Education, not necessarily as individuals but as slots. Some of the individuals are being moved. I do now indeed have the authority to fill the slots. I would estimate——

Mr. FLOOD. Where did you get that authority?

Dr. MARLAND. By the Secretary, with the permission of OMB for us to fill these positions, even though there had been a freeze on new hiring.

Mr. FLOOD. By the new Secretary or the old Secretary?

Dr. MARLAND. Both.

Mr. FLOOD. Mr. Richardson gave it to you first, though?

Dr. MARLAND. Secretary Richardson authorized me to establish the office, but at that time—perhaps Charles Miller can give you more precise details—what the conditions of employment have been over the last 6 or 8 months, foreclosing our freedom to make new appointments during this period. That condition was relieved as of about February 1.

Mr. MILLER. That is right. The Government-wide freeze was not over until the budget was submitted to Congress, and Mr. Richardson had moved by that time. Essentially, it is under Mr. Weinberger's administration.

Dr. MARLAND. We have made some appointments at this point, 3 or 4—a secretary here, a messenger there. We have nominated others from the Office of Education to be moved to this office. I would estimate that about half of the people, both professional and support, will be from the Office of Education and will be, in the course of the next month or 6 months, assembled as we improve our space, the allocation of desks——

EFFECT ON OFFICE OF EDUCATION

Mr. FLOOD. Did you wreck the other outfit? Was there squawking about it?

Dr. MARLAND. You may wish to ask Dr. Ottina.

Mr. FLOOD. I will.

Dr. MARLAND. Indeed, I think it would be useful during this exchange, Mr. Chairman, to have Dr. Ottina——

Mr. FLOOD. I know the doctor. He will sound off.

Dr. MARLAND [continuing]. To have him assist me in answering this question.

Mr. FLOOD. I know him. If he doesn't like it, he will say so.

Go ahead.

Dr. MARLAND. If you watch this diagram, which I guess has not been reproduced yet——

Mr. FLOOD. Postpone that.

Dr. MARLAND. We will come back to it at your pleasure.

Broadly speaking, to answer a little more of your question without getting into the details of the diagram, we are distributed into three parts in that office, all quite small components.

One we call the Office of Administration, which has to do with budget overview, program coordination between NIE and OE on such a subject, for example, as career education. Very important parts of both of those houses are engaged in career education. Research and development on the one hand, implementation and funding on the other hand. That role of coordination and balancing and weaving the parts together will come under the Office of Administration.

POLICY COMMUNICATION

The second part of the office will be the Deputy Assistant Secretary for Policy Communication, whom you met this morning in the person of Charles Saunders, who is the Deputy Assistant Secretary designate for Policy Communication.

Mr. **Flood**. What in the world does that mean?

Dr. **Marland**. Broadly, it means the relations with you, sir. It is partly public affairs, partly congressional liaison, and partly functioning with the infinite array of letters that come to us from Congress and from others where we gather the data to help answer you.

It relates to the Federal-State relations.

Mr. **Conte**. Will you have him stand up so we can look at him. He is the most important man here.

Mr. **Flood**. Moustache and all.

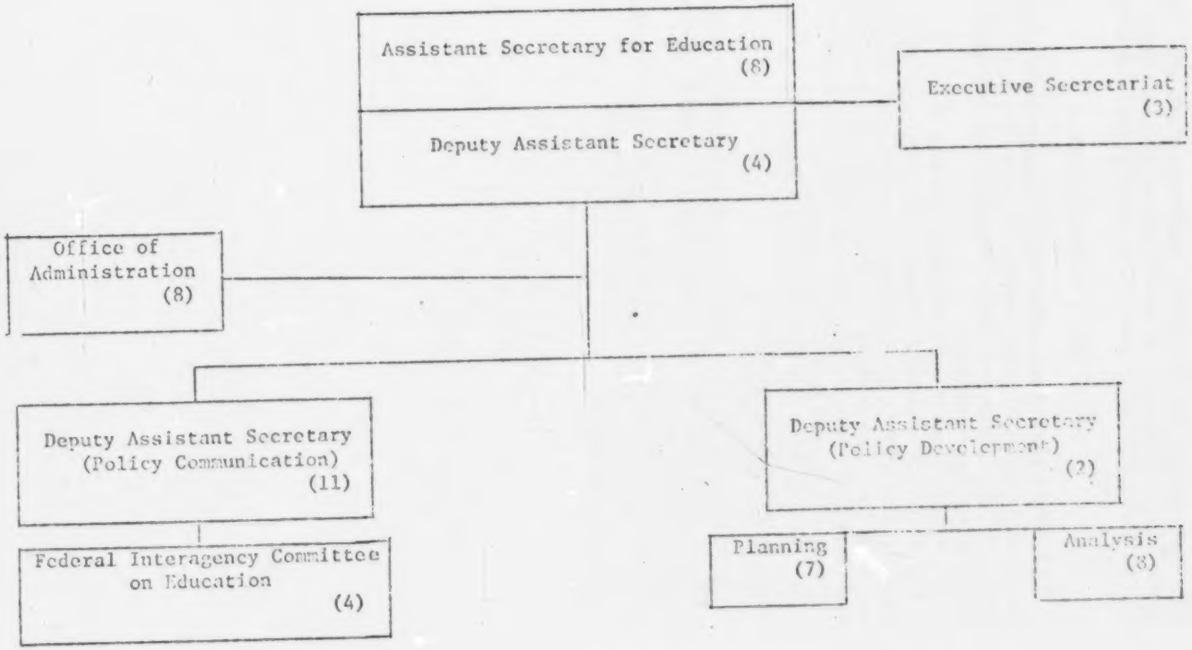
Dr. **Marland**. We also relate very closely with Dr. Ottina's legislative staff, and with Dr. Glennan's legislative staff, to synchronize our behavior before you.

That office also gives direction to the committee I mentioned earlier, the Federal Interagency Committee on Education.

[The chart follows:]

DRAFT:2/22/73

OFFICE OF THE ASSISTANT SECRETARY FOR EDUCATION


Assistant Secretary for Education (8)
Deputy Assistant Secretary (4)
Executive Secretariat (3)
Office of Administration (8)
Deputy Assistant Secretary (Policy Communication) (11)
Federal Interagency Committee on Education (4)
Deputy Assistant Secretary (Policy Development) (2)
Planning (7)
Analysis (3)

UNFILLED JOBS

Mr. Flood. Are all these jobs filled?

Dr. Marland. None of them, to speak of. As I mentioned, we have only had the freeze melted in HEW and, therefore, I have been operat-with delegated people that Dr. Ottina has detailed to my office.

Mr. Flood. Now that we have this, do you want to go back? The members of the committee now have the chart. Will you comment on that, Doctor?

Dr. Marland. Yes.

I would remind you this is still preliminary, and is labeled "draft." Do not hold us to the absolute figures, but it is approximately the way we are going.

I mentioned the Assistant Secretary, in which there are eight people, most of them support staff, with two administrative assistants to the Assistant Secretary. The others would be secretaries, messengers, and filing people.

The Executive Secretariat, over on the right. A very important part of the HEW system is that system which moves the literally hundreds of thousands of documents through our system and keeps track of them. It is a system that we rely on heavily for relating to Congress, with the public, and with other part of Government. This is a three-person office, two professionals and one nonprofessional.

The Deputy Assistant Secretary will be a GS-18 or possibly executive level 5. That is still uncertain. He will have an administrative assistant and there will be two clerks there.

The Office of Administration, which I mentioned a moment ago, gives overall managerial supervision to such things as budget, program coordination, articulating new programs between Dr. Ottina's and Dr. Glennan's offices in ways that are harmonious and not duplicative.

There will be several functions administered there, including such things as personnel, payroll, travel, all those other things that we have to accomplish.

Then as you come down to the bottom, on the left, we were mentioning the Deputy Assistant Secretary for Policy Communication, who is Charles Saunders as the designee for that post as soon as my freeze unfolds.

I mentioned that his duties include communications with Congress, communications with Federal, State, local units of government, communications with the education community at large, literally hundreds of professional organizations that we relate with, for both input and output in the communication of policy.

For example, the work that led to the development of this meeting today which was shared between Mr. Saunders and Mr. Keen. Part of what we are dealing with is educational policy and part is legislative.

FEDERAL INTERAGENCY COMMITTEE ON EDUCATION

I mentioned the Federal Interagency Committee on Education. That is established under Executive order, bringing together some 28 different agencies of Government, ranging from the Atomic Energy Commission to Agriculture, from the Department of Defense to NASA, and all in between, which is a fairly active body of people trying to bring order to what you as a committee recognize as the frequent opportunities for overlapping, clashing, inconsistencies among various agencies of Government.

We try at least in education to ameliorate those inconsistencies and redundancies.

Then we come finally to what is probably the most powerful and important part of this office, the Deputy Assistant Secretary for Policy Development, again a relatively small number of people, but I hope very skilled. We are searching nationally now for that person. We do not at this stage have a firm nominee, but are attempting to find a person who will bring the expertise and the wisdom of policy analysis as well as the skill of the practitioner, either at the elementary or secondary level or the postsecondary level, a person who knows how the system works but has the wisdom to deal with the deep issues of policy. What is the Federal role in the United States concerning higher education, about which we have had ad hoc, spirited debate and frequently differences of opinion within the administrations and within Congress. We need substantive studies.

Mr. FLOOD. As soon as this person is named, will you write a letter to each member of the subcommittee and tell us who he is, with a biography of the man, in view of his importance as you have just said?

Dr. MARLAND. I will be pleased to, sir. That about completes it.

CONSULTANT AND CONTRACT PERSONNEL

Mr. FLOOD. How much is included in your request—this is one of our pet hates—for consultant and contract personnel, and what are you going to do with them?

Dr. MARLAND. Under the Assistant Secretary for Education, for 1974 there is the sum of $80,000 for positions called other than permanent. That could include some consultant services if required. There are no funds for contract services. We are avoiding in this ——

Mr. FLOOD. I am glad to hear that.

Dr. MARLAND [continuing]. All of the operational programmatic kinds of activities. As you will hear from Dr. Glennan and Dr. Ottina, there are significant funds for what are known as grants and contracts, but we do not intend to administer grants and contracts in the Assistant Secretary's office. We will be in a position with relatively modest sums, I say $80,000, to draw upon expert talent, particularly to work in this policy development area and to commission people to come in and spend 2 weeks with us to pick their brains, or to come in a day a month for a year to work with task forces within our system.

Mr. FLOOD. Are you going to give that man only two people?

Dr. MARLAND. Two in his immediate office, himself and his secretary. Then he has seven people in his planning office and eight in the analysis office.

POSTSECONDARY INNOVATION

Mr. FLOOD. You want $15 million for postsecondary innovation. That is an increase of $5 million over 1973.

That $5 million is 50 percent. You are up 50 percent in 1 year.

Dr. MARLAND. Yes, sir.

Mr. FLOOD. Fifty percent in 1 year does not sound like you. Why, all of a sudden, are you going ahead so rapidly on this thing? The justifications are lousy on this. You want a 50-percent increase. You are going ahead like a cannonball, faster than you are doing anything else. The justifications are pretty skimpy. What is going on?

Dr. MARLAND. I think it would be fair to recall our testimony before the House Education Committee, which I think Mrs. Green will remember, in which we made very clear that here we have an instrument of Government that does not intend to impose a governmental role. If our justifications are skimpy, it is because we are consciously saying that we are creating an instrument that will support inventive work by the higher education community to improve their effectiveness, but not according to some Federal code, not according to some high priest of postsecondary education who says, "You will do this or that or you won't get your money."

Mr. FLOOD. While you are making this speech, give me an example of two or three projects under this program.

Dr. MARLAND. Let me take a project that is already——

Mr. FLOOD. You may finish what you want to say first.

Dr. MARLAND. I will be glad to move to your question.

Let us take a project that is already in place, because there are no projects in place at this time under this fund. It is only now coming into place. The board has not been named yet. The director has not been named yet. I hope they will be within a week or two.

Mr. FLOOD. Will you notify the committee on that, too?

Dr. MARLAND. Yes, and will give you their credentials.

EXAMPLES OF POSTSECONDARY INNOVATIONS

Let us take the example of something which, if we had had a foundation, would have been a typical target for foundation encouragement. In the city of Minneapolis, there is a 4-year institution created out of thin air, no buildings, no permanent faculty, a very low student cost, a strongly oriented academic program reaching out into occupational opportunities as well as academic. They draw upon a variety of part-time scholars to be their faculty. They teach school in the evening, on Saturdays and Sundays, at the convenience of the student.

They have one-to-one ratios of a man who may be a retired lawyer dealing with someone who wants to be a law librarian. They bring them together. This is an inventive new form of postsecondary education. I do not say it will necessarily become a universal form. But it is somebody working conscientiously with an idea, within a State system, who says many parts of our postsecondary system seem not to be satisfying the population that we are trying to serve, and let us try something different.

To move from that example to another one, right now Columbia University is examining its entire undergraduate structure with a view toward making the learning experience of the young people far more closely identified with careers. This is not to disparage or demean or lower the importance of the liberal arts, but to say if somebody is to study Latin or is to study philosophy or is to study Browning or Shakespeare as a part of his development, he also at the same time is leading toward something that will be useful to him as a human being and citizen, apart from the intellectual fulfillment and in addition to the basic development as a citizen.

I am not arguing for this, necessarily, at this moment. I am saying that Columbia has begun to move this way.

This is a new form, and it is a new form for a place like Columbia, particularly, to be orienting its philosophy, partly in response, I think, to student expectations, but also, interestingly, in response to faculty reform motivations, to appear to be what Alfred North Whitehead would say was more useful education.

You said, why $10 million the first year and a 50-percent increase the second year?

The history of this educational program, it should be pointed out, started at $100 million for the first year. In line with all of our other belt-tightening, the first year was reduced to $10 million. The level of magnitude of what we can do usefully is somewhere significantly above the $15 million. We started at a point that was 90 percent lower than the point at which the original administration proposal was leveled.

Mr. **Flood.** This is not one of these things where you give it a fair trial before you hang it, is it?

Dr. **Marland.** I would say the fund for the improvement of postsecondary education should be viewed at the end of about 5 years before making a judgment. I do not think we will change that fast. This is $10 million or $15 milllion in a universe of 2,000 or 3,000 institutions. We expect several hundred applications the first year with a $10 million authorization. How many of those will we be able to fund the first year?

Dr. **Edgerton.** We are hoping to fund approximately 100.

Dr. **Marland.** One hundred out of 700 or 800 candidates.

Mr. **Flood.** Applications for projects. That many?

Dr. **Marland.** We think so. There is very keen interest.

Mr. **Conte.** You have skirted around this. Do you give Federal grants to these colleges such as Columbia?

Dr. **Marland.** On a competitive basis. I only gave you illustrations. We have already done this.

Mr. **Conte.** Why should we give Columbia anything if they come around with a program that will benefit Columbia in the long run?

LEGISLATIVE AUTHORITY FOR AID TO POSTSECONDARY EDUCATION

Dr. **Marland.** If you look at the statute, it says the purpose of the law is to help postsecondary education become more productive, more efficient, to examine ways to respond better to society's needs.

I am not saying we necessarily would have funded Columbia. That would be up to that board and that director to thresh out among an array of 600 applications. I would say it looked like a good one to me, because here is a very prestigious institution and very proud faculty saying: "We want to be more realistic to the people. We are ready to reform ourselves. We need somebody to do an evaluation, and we need somebody to do curriculum planning."

I would guess they might come in with a budget of $100,000 or $120,000 to support a year or two of this kind of reform.

Again, looking at the illustration I gave you for Minneapolis, that one was supported in part by the Office of Education. We had to piece together all kinds of odd parts, a little bit of manpower money, a little bit of vocational education, and a little bit of this and that money. By the time you go through that and then constrain the contractor to all the nooks and crannies of the legislation within which he has to make these expenditures and consistent with the law and subject to audit, it is a mare's nest.

The authority here is very free authority, consciously so. Again I would return to the testimony before Mrs. Green's committee a year ago. We want it to be free. We want to give a high order of creativity to Columbia and other institutions across the land that want change.

I would guess while we are saying we want a 50 percent increase at a time of scarce resources, we would like to see it more, Mr. Chairman.

STATE COMMISSIONS (SEC. 1202)

Mr. Flood. The law requires that all projects be submitted to the State higher education commission for comment and for recommendation. Have all the States set up these commissions? What is the role of these commissions?

Dr. Marland. That will require a careful response, because the condition is changing.

Mr. Flood. Have all the States set them up?

Dr. Marland. The quick answer is, no. The quick answer also says none may be required to do it. The longer answer says this, and Dr. Ottina may wish to amplify this because the 1202 commissions are under his jurisdiction——

Mr. Flood. You say none may be set up. The law requires that they be set up.

Dr. Marland. We are modifying that.

Mr. Flood. You are modifying the law?

Dr. Marland. We are modifying our instructions at this time to the States as to how they may operate with this authority. Let me continue.

The law authorized the 1202 commissions to be set up, but they were optional. But the law also said that if the State wished to have moneys under new authorizations and the Education Amendments of 1972 to include community college authorization and occupational authorization at postsecondary level, those two authorities would indeed have to be approved by the 1202 planning commissions.

We have subsequently learned from General Counsel that the testimony that you just cited; namely, that applications to the fund would have to go through those commissions, is not so. The Counsel has ruled that that is not contained in the law, and it was gratuitous on our part in contemplating the function of those commissions.

Since both of those programs in which Congress mandated that the funds would be approved only upon going through the planning commission are not being funded, and the President is not requesting funds for either of those programs, we felt that it would be an act of irresponsibility to cause those commissions to be established.

Mr. Flood. You are asking for a lawsuit there, Mister.

Dr. Marland. I hope you are hearing all I am saying. It is optional.

Mr. Flood. That is what your General Counsel said.

Dr. Marland. Yes, sir. The law is quite clear on that.

Mr. Flood. I do not stand in awe of that, believe me. I have seen general counsels come and go like Greyhound buses around here.

Dr. Marland. Sir, you must know, too, then, that we who work in education listen to our counsels, and we do largely what they say as they interpret the statutes of Congress. The commissions are optional at the State level, but they are required——

Mr. Flood. I wonder if he would like to go to the Supreme Court as the court of original jurisdiction——

Mr. Miller. He will refer you to the Justice Department.

Dr. Marland. Let me come to our conclusion where we are now, because it is important to your question. Dr. Ottina is in the process now of drafting a letter to all States and Governors that will say: "Since the two programs in question which were required for treatment by these commissions are not at this time being funded, we will not require the establishment of the commissions. You are free to establish them, of course, if you want to, but since they are now optional with you, we are not requiring that the application to the Fund go through them because the law never required that they go."

We prepared regulations on this, Mr. Chairman. We circulated the regulations to some 600 addresses throughout the land. We received 150 responses, in many cases offering very good corrections and suggestions. We spent the last 6 months going through this cycle. Now we have come out at the point where we are saying in spite of all the good work which has been done to establish what might be very desirable commissions, there is enough anxiety in the States about these commissions being overlapping with what is already there, confusing authority, that unless we have programs that they are going to administer, we will be creating a kind of scarecrow without anything to do.

John, would you amplify that?

[The information follows:]

STATUS OF THE "1202 COMMISSIONS"

The Federal budget for fiscal year 1974 provides almost no function for the State Postsecondary Education Commissions authorized by section 1202 of the Higher Education Act to perform. The community service, instructional equipment, and academic facilities grant programs are scheduled to be terminated, and no funding is provided to implement any of the community college or occupational education authorities. Furthermore, while the budget does provide $15 million to support projects and programs for improvement of postsecondary education, our opinion is that the implementation of the improvement of postsecondary education authority alone does not warrant the establishment of the commission at this time.

MAJOR EDUCATIONAL PROBLEMS

Mr. Michel. Last year, Dr. Marland, I asked you what the major educational problems were. In descending order you mentioned the problem of the disadvantaged, career education, educational finance, and then research, and I think, finally, implementing the research findings that gave promise of something good.

Would that still hold for this year as you testify in March of 1973?

Dr. Marland. I appreciate your telling me what I said last year first before asking the question, Mr. Michel.

As you cite that order of priority, I would have to say I feel precisely the same way now, with the possible elevation of research.

We have NIE in place to be perhaps of equal concern with school finance. They are about in that rank order.

Mr. MICHEL. I asked you, too, last year about what the national literacy rate was in this country, and I think you responded by saying we did not really have any good standard or norm, but the Census Bureau regarded anybody who had gotten through the 5th or 6th grade as being literate.

The other night I was listening to a program on NBC about Montgomery County's affluent society, and the fact that poverty prevails in a county as rich as Montgomery County. If my memory serves me correctly, they said there were 17,000 illiterate kids in Montgomery County. How can that be?

Dr. MARLAND. There are data, Mr. Michel, that are no better than they were a year ago in terms of the validity of what is literacy or illiteracy. There are various authorities that measure in different ways.

One of the pieces of data that we use says that as many as 18 percent of our young people, especially in big cities, in economically deprived situations, are not functionally literate. This does not mean they cannot read and puzzle over a piece of literature, but it means that they are not able to operate fully as citizens, being able to read the newspaper understandingly and to perform their tax analyses understandingly with arithmetic, and so on.

Mr. FLOOD. Boy, if that is a condition precedent to literacy, wow! You had better withdraw that.

Dr. MARLAND. Let us say, fill out an automobile driver's license application.

Mr. FLOOD. That is better.

FUNCTIONAL ILLITERACY

Dr. MARLAND. In any case, those are the terms used by some authorities now for functional literacy.

We believe that we have about 18 million functional illiterates in the United States, according to those criteria. It would not surprise me if one were to say that in even such an enlightened place as Montgomery County, there are significant numbers of young people, both in school and out of school, who are functionally illiterate according to those definitions.

They are still very loose and broad definitions. I suppose they will remain so as scholars differ. It is still a very serious problem.

RIGHT TO READ

That is why we are engaged in the program that we call "Right to Read" as part of the budget when Dr. Ottina amplifies his part of the budget. We are sustaining that again under conditions of very scarce resources where discretionary resources have been swept aside in many of our deliberations on this budget. Right to Read is sustained and, indeed, moderately increased this year.

I might add that while the budget for Right to Read is quite small, at the $12 million level in our request, the program is influencing the expenditure of Federal moneys at about the $400 million level.

I was pleased yesterday—this is an anecdote coincident to your question—that Dr. Holloway, who is the director of Right to Read assembled under John Ottina, called on the principal staff officers throughout the Office of Education, the nine bureaus ranging from higher education to vocational to elementary and secondary and the handicapped, and all the rest—and one by one, every program officer committed those appropriate parts of his office to this problem of illiteracy under the mantle of the Right to Read program, embracing about $450 million.

Mrs. GREEN. The director of adult education in Oregon was in the other day and presented me with a study of 535,000 who had not completed high school in Oregon. I asked him, of those, how many are educable, and he amazed me by saying only 50 percent.

The second comment that seems to me is relevant to this number we talk about as being illiterate, there are many American citizens who were born in another country and they speak that language fluently, but in the statistics we gather they are functional illiterates because they do not speak and write the English language.

It seems to me the term "illiterate" is used loosely and should not be the basis for policy decisions on education.

Dr. MARLAND. Mrs. Green's comment amplifies what I said earlier about the looseness and lack of hard data that describe these conditions of functional illiteracy. She is quite right in saying that in different places, different measures and different definitions will prevail.

The fact remains—getting back now to the schools where your concerns are, I am sure—that many young people come into high school and, indeed, leave high school, with very limited reading skills. I think that is one of the things you will find Dr. Glennan, as he moves with his policy board, the National Council on Educational Research, will address as a very high priority.

COLLEGE OPPORTUNITIES FOR VETERANS

Mr. MICHEL. Last year I asked you to place in the record, and I would like you to do so again at this point in the record, the opportunities for higher education that are available for veterans being released from service.

I think you said further, or someone in the Office of Education testified to the effect that there were 12 people from the Office of Education specifically assigned at overseas points to counsel and advise our returning veterans of their rights and their opportunities.

Do you still have those 12 people?

Dr. MARLAND. They have been reduced over time gradually as overseas bases have diminished, to about four now. There are two in Tokyo, I believe, one remaining in Korea, and one or two in Berlin. There is about that spread. I may be one or two figures off.

Dr. OTTINA. We have correspondingly increased the number stateside. We have a person in each regional office now, 10 people across the Nation, doing that same function.

Mr. MICHEL. There was a void there with respect to Vietnam which I think is uppermost in everyone's mind. We would expect those fellows to get that kind of counseling and advice.

Dr. MARLAND. Yes, indeed.

Following that testimony, we did establish a counselor in Vietnam, and had people there working with the Department of Defense. There were four at that time in Vietnam. We have been effective, in my judgment, Mr. Michel.

They are now returning stateside as the troops return stateside and, as Dr. Ottina says, they are now located principally in our regional offices where they are communicating with the veterans' services and the Department of Defense in those regions.

BLACK COLLEGES

Mr. **Michel**. We have 115 black colleges?

Dr. **Marland**. We count 120. Some of them may be community colleges, 4-year institutions.

Mr. **Michel**. When you say black colleges, does that mean totally black?

Dr. **Marland**. No, sir. In fact, none of these is absolutely totally black. They originated as colleges serving Negro students in the South for the most part. They have a long and proud history.

Tuskegee would be an example. Howard would be an example. We could go on.

I have visited a number of these colleges in the past 2 years. I am tremendously impressed with the work they do under limited conditions.

Prairie View, Texas, is a college that Mr. Casey would know about if he were here. At a time of unemployment I gave a commencement address there last June. I had just come from a very prestigious northern Ivy League college where I had also given the commencement address a few days before, where 40 percent of the people had jobs and the others did not. As the young people walked across the stage at Prairie View to pick up their diplomas, I asked the president and he said that every young person crossing the stage had jobs, and some had two or three in their pockets that they were making choices on.

These colleges do have a rich history. They go back in the years. Almost all of them have some white representation and, indeed, some have several racial representations. Some have been particularly attractive sites for students from overseas.

LAND GRANT COLLEGES

Mr. **Michel**. I remember both in this subcommittee and in the one on Agriculture, the discussion that took place about how the black land grant colleges were being shortchanged in allocations. This was part of the justification for the additional infusion in the so-called developing institutions.

Have we been putting enough money in there over a long enough period of time that we can get a standard of measurement of how that money has improved the caliber of education that the students are getting in those institutions, or is it too soon yet to get any kind of relative judgment?

Dr. **Marland**. My judgment is that it is not that discrete a program. It is general support. It is money to go in there to pay the faculty, to pay the fuel bills, to get the lawns mowed, maybe to help buy some books for the library. Frequently we try to target it to the extent of sharpening a certain program.

Dr. Ottina's staff will cover this in more detail with you as you proceed with these hearings. This year we are sharpening that money in an effort to have the developing institutions use the additional $50 million, however it may be deployed, to increase their focus on certain functions such as to improve the graduate schools where they have graduate schools; to increase their services of a certain kind. Let us say they are developing vocational education teachers in Texas. We strengthen that department, rather than have it diffused as general support.

Mr. MICHEL. I would surely hope there would be emphasis on that rather than general support. Otherwise, we are just obligating ourselves in the future and for an indefinite period of time for operation and maintenance.

Dr. MARLAND. This is true. Yet the original authority was pretty general, and as the statute rests we do not have much discretion to target that money. We are hoping to do it this time.

Mr. MILLER. When Dr. Marland says "this year," he means the money that Dr. Ottina has already testified to in the fiscal year 1973 supplemental. It is before you right now for consideration.

IMPACT AID

Mr. MICHEL. Last year, in answer to a question pertaining to our friend impacted aid, I received a response which went something like: This is one of the programs we probably are least proud of in the Department.

I suspect that thinking has not changed any. Has any new thought been given to how we can extricate ourselves from this box we seem to have gotten ourselves into?

I made the point last year that it seemed to me so impractical to think you could just wipe it out and start over from scratch, and that since we had it and we knew it was bad and we were going to be putting more and more money into education, maybe we ought to tailor back as much as we could within the limits under which we are working and then build over and above that for the balance of the country to make it all equalize itself as much as possible.

Dr. MARLAND. If anything, I am less proud of it than I was last year, Mr. Michel. It is a difficult program to administer in terms of any rational base for deploying Federal resources in ways that will serve Federal objectives. It is probably the loosest and most irrationally distributed money in terms of need that we have in education.

For example, some of our wealthiest counties, such as Montgomery County in the Washington area, receive millions of dollars under this program, $10 million, $12 million or $15 million a year; and some of our poorest communities in greatest need receive not a dime. If there is any equity there, then it is very hard to find.

Returning to how we extricate ourselves from this, it is worth quoting—I won't be literal, but I will give the substance of this quote—in a meeting on the same subject in the Senate Appropriations Committee last year, Senator Magnuson said:

> I was part of the origin of that bill. At that time I was concerned with serving Indian children living off reservations, not subject to the support of BIA but in great need of improved educational opportunities. What about that? I say to this day there is a splendid reason for it, but I must have created a monster besides that.

I said, "Yes."

What has happened is that, apart from its original intent, to serve young people whose families worked and lived on Federal property and therefore had no revenue for establishing schools, which made a lot of sense, over the years it has proliferated with other authorities built into it now that are not equitable, as we see them.

You asked how do we stop it. I think the President's budget has the most blunt and straightforward way of stopping it. No money, except for the part A which does address the needs of Indian children.

CURRENT SPENDING LEVEL FOR IMPACT AID

Mr. Michel. You are currently spending at a level considerably less in that program than last year. How do you expect that level of spending will end up at the end of the fiscal year on June 30?

Dr. Marland. 1973. I think I will ask John to round this out. I think the affected school districts are mindful, by having been alerted early on, of the reduced level of funds in this program. They have adjusted their affairs to anticipate a reduction.

Dr. Ottina. Up until the 28th of February, we had been operating under a continuing resolution authority. Now we have in process perhaps another resolution, and we are looking at what funds this resolution would provide for the program.

Mr. Miller. You are about 5 days too early for me, Mr. Michel. We will have to inform the committee and the Congress of the answer to your question. It is under advisement now, and it is part of the President's consideration of what can be done with respect to the continuing resolution which, as you know, he has not as yet signed.

Mr. Michel. Obviously, there are some exceptions to the point of view that I would express here, particularly with my friend to my right, for obvious reasons, and probably with several others.

It would be my fondest hope, if we are spending at a level of something less than last year, and we were able to get through without too terribly much flack being raised, we would at least have made some little effort in the right direction and may be able to convince some people that all the hue and cry wasn't really that strong; that if really put to the test, they could inch by. There would be a crunch and a pinch here and there, but maybe we could make some progress.

Of course, if we are to fold back completely on our old ways, I do not know that we have made any progress.

Mr. Miller. There is some basis for an interpretation of the resolution, which would conclude that we do not have appropriation language which would permit us to spend on any basis other than the formula in the law. Whatever we spend, it may well have to be within the formula in the law.

Mr. Smith. The new continuing resolution merely extends the date. It does not change the formula.

Mr. Miller. That is right. It is not a new interpretation. I will have to check my testimony on this.

In the bills as they stood on July 1, I believe the House bill did not contain any appropriation language which would permit us to spend at other than——

Mr. Shriver. There is very different language in the report of the committee, the conference report, very definitely, if you pay any attention to reports. What is the difference whether it is a continuing resolution or a bill, it is still an appropriation.

Mr. Miller. I am not arguing the question of the level of spending. It is a question of whatever amount we spend, under what formula must it be distributed.

There may not be a basis in any of the various benchmarks for changing the distribution in the law, because even if you take the July 1 situation, I believe the House bill does not contain language changing the formula.

Mr. Michel. Where that package amendment was adopted on the House floor, it knocked out the distribution formula which the committee put into the bill.

Mr. Miller. I believe that is the problem.

Mr. Michel. We were really in a snarled up kind of situation.

EFFECTIVENESS OF TITLE I

How do you feel about the effectiveness of title I?

Dr. Marland. I think title I has been used and abused in many ways across the land. Since 1965 when it came into being up until fairly recently, it merely supported more of the same in education, largely devoting itself to very little in the way of innovation or reform or really improved methods of teaching and learning for the children for whom it was intended; namely, the disadvantaged.

I think we have become a little more sophisticated in reaching out to these children. As Dr. Glennan will testify, there is much more to be learned on this very elusive subject of how to meet the educational needs of poor children, where the record continues to be dismal.

I would have to say at the present stage, after 7 years of title I, while many good things can be said about it in terms of attitudes of teachers, parents, and in some cases of children, the bottom line does not show very much. In other words, the measurable conditions about which the chairman from time to time has challenged us, as have you, do not make a strong case yet for saying the $8 or $9 billion which have gone broadly to the disadvantaged have yet made a sweeping difference.

I can turn to the other side of this and say that we should not have expected it to in so short a time; that we were dealing with generations of deprivation, generations of discouragement and despair and poverty, and that we are not going to turn that around in 6 or 7 years.

That, too, is true.

We also had a great many strings attached to the conditions of title I, and as the years passed, more and more strings were attached. There was great constraint on the part of the local and State authorities to use these title I dollars as they saw the need for them in their situation.

Of course, the other side of that coin is that a Federal program does have to have what Congress says it should have in it in the way of direction and focusing.

Our position now, as you know, is to wrap title I into the general revenue-sharing program.

Mr. Michel. You mean the special revenue sharing?

Dr. Marland. Yes.

GENERAL REVENUE SHARING FUNDS FOR EDUCATION

Mr. **Michel.** On that point, are there any figures as to the percentage of the general revenue sharing currently going to the States that is being allocated by the States to education?

Dr. **Marland.** I have preliminary information which I will be pleased to cite and submit more for the record.

Quickly, it is this, Mr. Michel: In a number of States the general revenue-sharing moneys only arrived in December or January. In a number of States the legislatures have not yet convened and agreed upon the deployment of those moneys.

You will recall that 33⅓ percent of the general revenue sharing moneys totaling some $6 billion this year go to State authority, and they may be used for any purpose.

Mr. **Michel.** As distinguished from the local, which cannot be earmarked.

Dr. **Marland.** Right.

In the States where we do have information and where Governors and legislatures have reached decisions at this stage, even this soon, 12 States have already indicated intention through legislation to apply substantial portions of the general revenue-sharing money to the purposes of elementary and secondary education. Five States have already acted to put all or part of their moneys into elementary and secondary education.

So, out of the 50 States, 17 have already moved in the direction, one way or another, of utilizing general revenue sharing for elementary and secondary needs.

TITLE I FLOOR PROVISION

Mr. **Michel.** Let me ask one more question on title I.

Do I understand that the fiscal year 1973 estimate for this program will in effect remove the floor provision requiring a major redistribution of funds?

Dr. **Marland.** I will have to get technical assistance on that. I am not sure of the language on that.

Mr. **Miller.** As I understand it, if you are asking the question within the context of the continuing resolution, I think the answer is yes. I am not sure about the budget proposal itself.

Mr. **Keen.** The budget proposal had a floor provision.

Mr. **Michel.** Were the States made aware that this might happen?

Mr. **Miller.** They were made aware of what was happening under our interim spending plan under the continuing resolution. They certainly were not made aware of it at the time the budget was presented, because the action that was taken by the House and the Senate——

Mr. **Michel.** Some States are going to lose; some are going to gain. Our State, incidentally, happens to be one that gains, whereas some big States may lose.

Mr. **Shriver.** Twenty-nine States will lose.

Mr. **Miller.** We have a question on this from Mr. Shriver to answer for the record, which we are preparing.

Mr. **Michel.** My question was: What are the mechanics of removing the floor? Do you address yourself to that question, in answer to Mr. Shriver's question?

Mr. Miller. I am not entirely sure what you mean by mechanics. We are describing the effect.

Mr. Michel. How is it done or how can it be done?

Mr. Miller. We calculated our distribution of funds, under the continuing resolution, to the States without the floor provision in it, and their distribution so far has been on the basis as if the floor provision did not exist.

Mr. Michel. Is that consistent with the law?

Mr. Miller. Yes.

Mr. Flood. Does the 1974 budget have a floor?

Dr. Marland. The 1974 budget moved to revenue sharing.

Mr. Flood. You are not asking for anything in 1974. That would be the answer.

Dr. Marland. I think Mr. Michel's question dealt with 1973.

Mr. Michel. Yes.

EDUCATION REVENUE SHARING

Mr. Miller. We are not asking for separately identified funds for title I in 1974. We are asking for a single block of money under special revenue sharing.

Mr. Shriver. That means, then, that some schools in 29 States will receive less than they received in 1972. They have been operating all this time thinking they would get at least 90 percent under title I. You are using the basis of $1.5 billion for title I instead of $1.8 billion, which is the figure from the testimony and the intent of Congress as shown in the Congressional Record.

Dr. Marland. To answer Mr. Shriver's question, we have not yet finalized the proposed legislation on special revenue sharing for education. When that is finalized, I think we will be able then to tell you the degree to which there is or is not a floor to sustain that.

Mr. Shriver. I am talking about this fiscal year, 1973.

Mr. Flood. We will recess now, and reconvene at 1:30 P.M.

AFTERNOON SESSION

FEDERAL ROLE IN EDUCATION

Mr. Flood. Mr. Shriver.

Mr. Shriver. Dr. Marland, you described the new Federal role in education as a catalyst for reform. I think I would like to have you expand and extend on that.

Tell us how you can successfully encourage reform at the local level if all the categorical programs are eliminated.

Dr. Marland. There are two parts to the answer, Mr. Shriver.

It may well appear to be a diminution of the Federal power for reform if one looked hastily at the category nature of the programs being recommended for dismissal. On the contrary, we see these two forces at work: One, that under education special revenue sharing there would be retained very strong Federal initiatives as developed by the Congress over the years to include the disadvantaged, handicapped, impacted aid, and a general support program.

Mr. Shriver. That is in the legislation.

Dr. Marland. Yes. We are not quite ready to have the special revenue-sharing message before you, but we still see those initiatives being sustained as Federal concerns that have to do with reforms. But we now have simplified the remaining resources of the Office of Education in a National Institute of Education to address the developmental activities of those offices, the discretionary activities to back up those concerns and to back them up with research, to back them with discretionary resources, such as would be true in career education out of OE and research effort out of NIE.

So, this reform mode will now have the muscle of the Division of Education behind it for idea development, for research, for persuasion and initiative, and the local and State people will have larger sums of money than they have had so far under the categorical conditions broadly to address these concerns.

I suspect over time Congress could well add to these components of special revenue sharing. As our society unfolds, there may be other things of equal importance, that come into that.

I think there remains a role of the Federal Government at this stage of funding, a relatively low level, 7 or 8 percent, to be the catalyst rather than to be the principal fund source.

Mr. SHRIVER. I am glad to get that explanation.

SUGGESTED STATE FUNCTION UNDER REVENUE SHARING

One highly respected educator within the district I represent has suggested to me a revenue-sharing plan with national priorities designated. Under this plan, should any school district vary more than 10 or 20 percent in a given year on these priorities, that district would have to account for such variance, not here but to the State department of education. In his thought, this would stress education as a State function by that kind of accountability.

What would be your thought on that?

Dr. MARLAND. I would agree. I think he has perceived correctly that both historically and politically and economically, education remains fundamentally a State function, with the role of the Federal Government being that of a catalyst and of a force to address certain priorities.

He is correct in observing that there probably would be some freedom at the State and local level to interchange parts of the special revenue-sharing components among each other. We have not yet finalized a bill, but certainly if we pick up last year's proposed bill, it would have some of that freedom at the State and local level to equalize among the parts.

We do not recommend at this stage and I do not think our bill will, that there be any discretion to reduce the moneys for the disadvantaged. They would remain intact. But the other parts of special revenue-sharing would have some degree of freedom, let us say, ranging between 15 and 35 percent, depending on how our bill finally comes out, that degree of freedom for interchange.

CURRENT FUNDING OF TITLE I, ESEA

Mr. SHRIVER. There is one thing I would like to clarify.

Just before lunch, we were talking about the administration of the title I ESEA program. My question is, are you still planning in this fiscal year, 1973, to administer title I so school districts in 29 States will receive less money during the remainder of fiscal year 1973 than last year, fiscal year 1972?

Dr. MARLAND. I will ask for help from Mr. Miller on that one, if you please.

We do not have a clean answer to that yet in the Department. I think Charley can give you the latest feeling about it.

Mr. SHRIVER. I would add, too, these schools have planned on the basis of the announcement that it would be reduced by another 10 percent, or something like that. I have earlier asked this question, and he will put it in the record, anyway.

Mr. MILLER. Just one thing. It was the intent of the administration and it was the intent of the Congress, both, not to have happen what has occurred under this plan. Our budget proposal for 1973 had a floor provision.

The House did not have a floor provision because they did not need one. It was no one's intent to have this event occur.

However, we are now caught in a situation where we are operating under a continuing resolution. Until we solve the problem of both level and distribution, I cannot provide you with any assurances.

Shortly we will be able at least to tell you what the administration's intent is, but we are in a very difficult spot.

Mr. SHRIVER. In those 29 States there are some real hardships involved for the balance of this fiscal year. I am sure you are aware of them. I want to emphasize that that situation exists.

Mr. MILLER. We are quite aware of it. As you know, under our interim plan we tried to hold things so we could move in any direction that Congress and the administration finally worked out.

Mr. SHRIVER. Thank you very much.

Mr. FLOOD. Mr. Michel wil continue.

POLICY DEVELOPMENT AND IMPLEMENTATION

Mr. MICHEL. Dr. Marland, the chairman discussed the staff of 55 positions. You have 18 staff positions included in the area of Policy Development and Implementation. Why is this?

Dr. MARLAND. We have moved a good bit of that function from the Office of Education to the NIE.

For example, Mr. Saunders used to be the Deputy Commissioner of Education for External Relations, and had many of these functions and the people. Since we have now an expansion of responsibility, such as adding NIE, many of Mr. Saunders' functions which were performed for OE are now being performed for the whole division.

We have taken the people as well as the job slots from that level, the OE level, to the division level in a number of cases. Those people, for example, include, as I mentioned this morning, the coordination of our correspondence with Congress, the coordination of testimony before Congress, the coordination of public relations activities.

Even though both NIE and OE have a public relations organization, there is an overriding need to coordinate that.

One of the essential features that I mentioned earlier is that it adds four people to this collection of people on policy, that is, the Federal Interagency Commission on Education. There should be more people managing that. It is getting to be a pretty lively function.

We are thin on staff, and deliberately so, in each of these components.

ADMINISTRATION OF EMERGENCY SCHOOL AID ACT

Mr. **Michel.** As Assistant Secretary, will you have direct responsibility for administration of the Emergency School Act?

Dr. **Marland.** This has been delegated to the Commissioner of Education except for what I retain from the congressional history behind this act as being——

Mr. **Flood.** Delegated by whom?

Dr. **Marland.** Delegated by me. Congress declared the Assistant Secretary to be the principal officer who will be in charge of Emergency School Assistance. That has a staff of about 450 people, with people in the regions. Correspondingly, Congress put a limit of 55 people on the numbers of this office.

Further, we felt we should not have any operating programs in the Assistant Secretary's office, as I mentioned this morning.

So, we have extended the delegation of that to the Commissioner of Education, with a further rationale for it being that the Emergency School Assistance links very closely with several other programs in the Office of Education, such as television.

Part of the law specifically declares that there shall be television and other educational technology uses made of the resources of Emergency School Assistance. Bilingual, certainly, dealing with the culturally disadvantaged. They are all there in the Office of Education.

By delegating this, we have maximized the critical mass effect of bringing that additional muscle and money to bear with lateral agencies concerned with similar problems.

However, in the light of the report of the conference committee on this subject, which calls particular attention to the Assistant Secretary as having this assignment, I am establishing one office, one individual, one professional person in my office who will provide general overview for me in a liaison role through Dr. Ottina to the office running the ESAA program.

Again, that will be about 400 or more people, which would not be appropriate in the nonoperational office that we are establishing.

OPERATIONAL PLANNING SYSTEM

Mr. **Michel.** As Commissioner, you developed what you called an operational planning system to cut redtape and streamline the Office of Education's operations. How is this latest organization affecting these efforts?

Dr. **Marland.** It will probably enhance the operational planning system in this way: Under the operational planning system—again. I might add, this was part of the initiative that Dr. Ottina brought to the Office when he came in 2½ years ago, which I referred to this morning—it brings an internal discipline and accountability to the Office of Education in all of the things it does.

It also provides a clean mechanism for identifying priorities and for the chief officer at any level to monitor those priorities month to month.

I sat in yesterday for a little while at Dr. Ottina's monthly monitoring of his program. He has about 12 or 14 Commissioner's priorities on which his principal deputies were reporting to him. It took a full afternoon to do this.

In turn, I will name some of those priorities as those in which I want a monthly report, of special concern to me, particularly those which link with NIE, so I can provide, if you will, a harmonizing or integrating effect between those two important houses.

Let us say on career education I would want an accounting from both. On the disadvantaged, I would want an accounting from both. On new forms of educational productivity, assuming that the NIE Research Board adopts these as priorities, too, and Dr. Glennan will recommend that they do so.

On those three or four, I will probably be reported to monthly on the OPS system and, in turn, taking it one step higher, Secretary Weinberger will be commanding certain priorities on which I will be reporting to him for the full division.

So, it gives a network of accountability from the lowest organizational component right on up to the Secretary of HEW as to what the principal offices feel are important and, month to month, how far we have come in reaching the established objectives throughout the year.

EDUCATION REVENUE-SHARING PROPOSAL

Mr. **Michel**. Let us turn to revenue sharing. How does the proposal this year differ from the one last year, if at all?

Dr. **Marland**. The proposal, as I mentioned this morning, is still not ready for publication. It is being worked over, both by the Secretary, General Counsel, OMB, and the White House, readying it for the President's submission to Congress probably within the next week or 10 days.

Mr. **Michel**. If it is taking all that reworking, obviously it will be somewhat different.

Dr. **Marland**. No. Let me offer an explanation of that which may be useful.

It is not so much the reworking as it is that we changed Secretaries along about a month or 6 weeks ago, and it took a little while for our new Secretary to come into place.

He, quite rightly, I feel, Mr. Michel, said he preferred not to have new legislation finalized until he was ready to make it his own, to become fully familiar with it, to become vested in this year's new legislative thrust.

Therefore, only now has he been able to get to that, along with many other pieces of legislation that are coming through HEW.

I think he has now acted to give his approval to it.

I can say that I will be going to a meeting after this meeting today, hopefully to finalize a number of those parts of that with other parts of Government, such as OMB and others.

Dr. Ottina will probably be in on that.

We should have a bill before you within 10 days or 2 weeks.

MAJOR CHANGES IN REVENUE-SHARING PROPOSAL

Back to your basic question: Will there be major departures from last year? There probably will be some minor departures from last year.

Mr. **Michel**. Is revenue sharing for education, in your judgment, something different than really a simple consolidaton of programs, as some claim?

Dr. **Marland.** I wish from the start, Mr. Michel, we had called it grant consolidation.

Mr. **Conte.** Block grants.

Dr. **Marland.** The words block grant mean different things to different people, but if we simply said we consolidate the programs Congress has enacted over a period, in some cases, of 20 years or more, consolidate them to sustain the thrusts which Congress had in mind, but consolidate the many categorical parts into far more manageable and rational systems of delivery, that is all we are talking about.

The reason I say I wish we were calling it grants consolidation is that I think it would translate better to the public and to Congress so it means what it says.

I am not criticizing those who put the name "special revenue-sharing" on it. That was a governmental term that seemed to apply to a lot of parts.

We in the Office of Education still view it operationally as a grant consolidation system.

It has been misunderstood by many people, especially in my own profession, who say there is not enough money in it. It is not meant to carry money in the sense of being an appropriation bill. It is a delivery system. It is a device for simplifying the process of administering and delivering formula programs to States.

NUMBER OF PROGRAMS MOVED TO REVENUE SHARING

Mr. **Michel.** How many programs in total are there that are being designed to be folded in?

Dr. **Marland.** I count 34. John Ottina counts 30. Some of the heads and subheads get a little foggy as to what are separate programs. Call it 30 programs.

Mr. **Michel.** For the sake of the record—don't answer now—enumerate those with a brief reason why these were picked and why others were deleted or not a part of it.

Dr. **Marland.** We will be pleased to do that.

Mr. **Conte.** What will those 30 programs add up to in dollars and cents as opposed to revenue sharing?

Mr. **Michel.** Is it possible to include that?

Dr. **Marland.** Actually, they will add up to the same sum, because for purposes of our illustration we keep a flat level and say in 1972 and 1973, if title I was x dollars, it will be the same x dollars in our 1974 model.

[The information follows:]

PROGRAMS CONSOLIDATED INTO SPECIAL EDUCATION REVENUE SHARING

Elementary and Secondary—Educationally deprived children (ESEA I):
- **(*a*) Local educational agencies;**
- **(*b*) Handicapped children;**
- **(*c*) Neglected and delinquent children;**
- **(*d*) Migratory children;**
- **(*e*) State administration;**
- **(*f*) Incentive grants;**
- **(*g*) Grants for high concentration of poor; and**
- **(*h*) Advisory committee.**

Supplementary services (ESEA III):
- (*a*) State grant program—Handicapped (15 percent); other (85 percent;
- (*b*) Special projects—Handicapped (15 percent); other (85 percent);
- (*c*) State administration; and
- (*d*) Advisory committee.

School assistance in federally affected areas—Maintenance and operations (Public Law 874): (*a*) Payments to local educational agencies; section 3(a) and Indians.

Education for the Handicapped—State grant program (EHA, part B).

Occupational, vocational, and adult education—Grants to States for vocational education:
- (*a*) Basic vocational education programs:
  - (1) Annual appropiration (VEA, part B): Handicapped (10 percent); disadvantaged (15 percent); postsecondary (15 percent); and other (60 percent); and
  - (2) Permanent appropriation (Smith-Hughes Act): Handicapped (10 percent); disadvantaged (15 percent); postsecondary (15 percent); other (60 percent); and
  - (3) National advisory committee.
- (*b*) Programs for students with special needs (VEA, part B);
- (*c*) Consumer and homemaking education (VEA, part F);
- (*d*) Work-study (VEA, part H);
- (*e*) Cooperative education (VEA, part G); and
- (*f*) State advisory councils (VEA, part F).

Vocational research:
- (*a*) Innovation (VEA, part D)—Grants to States; and
- (*b*) Research—Grants to States (VEA, part C)—Grants to States.

Adult education:
- (*a*) Grants to States; and
- (*b*) National Advisory Committee.

School Lunch program:
- (*a*) Basic school lunch—nonneedy;
- (*b*) Equipment assistance; and
- (*c*) State administration.

Special Education Revenue Sharing is being proposed because it is felt that the focus on educational objectives rather than narrow-categorical assistance is the direction in which we believe Federal assistance should be moving. Under certain broad authorities, State and local officials will have greater flexibility in spending Federal funds according to their relative priorities.

REVENUE SHARING AS SUPPLEMENTAL AID

Mr. MICHEL. Some people are saying special revenue-sharing was originally proposed as a supplement rather than a replacement for categorical problems.

Dr. MARLAND. Not so, Mr. Michel. Quite the contrary. It was an initiative of the Office of Education before it became popular with other agencies of government.

At that time it was purely and simply grants consolidation, and it did not have anything to do with a new resource. It had to do with simplifying the resources we had.

Mr. MICHEL. If you should get your wish and have special revenue-sharing for education enacted into law, how would that effect the staff level in the Office of Education?

Dr. MARLAND. The present plan is to do a major overhaul on the present system of organizational bureaucratic appointments within the office.

As I noted this morning, there will be some reduction in our total numbers between 1973 and 1974, probably 300 or 400 fewer people, 10 percent or more.

Mr. MICHEL. Is that in anticipation of enactment of revenue sharing?

Dr. MARLAND. Yes.

Mr. MICHEL. If you do not get it——

Dr. MARLAND. We will have a problem. We will have a lot of problems if we do not get revenue-sharing.

Mr. MICHEL. It would stand to reason that if one of the reasons for this is consolidation of programs, letting the people out in the hustings make the decision, you do not need all these reviewers and one thing and another.

Dr. MARLAND. I have a little I would like to add to that response, Mr. Michel.

I think there is a new role for the Office of Education that responds to the spirit of revenue-sharing and, indeed, the spirit of the new federalism. It is the role of outreach, the role of assistance, the role of expertise on call to the States and local districts which we have never been able to provide before.

We have preoccupied ourselves with this fantastic collection of paper—literally thousands and thousands of pieces of paper to be processed by thousands of people through this vast network.

These are good people. They are skilled and creative people. In many cases these are well qualified in the area of expertise in which they are working, say the handicapped child or reading or school integration, and so on.

Let me first delineate here that all of higher education and all of postsecondary education remains substantially committed to existing programs, and does not come under the revenue-sharing mode. That is about half the numbers in the office. The other half are concerned with elementary and secondary education.

Those people should now be grouped into teams, cadres, and available resources to provide technical assistance on call all over the country, utilizing the power of NIE as the research and development mode, bring together the best processes, the best procedures for attacking the multitude of educational problems.

When a chief State school officer says, "Will you come in and help me reorganize our whole taxing structure?" as they are now doing, we have six people who are useful on that, but it will take six people 2 years to get around the United States and reach half the States and do a proper job.

There may be a problem in any number of directions, but we would begin to have the expertise here to solve school problems, rather than to push paper. That is what I see as the use of the Office of Education in the future.

RELATIONSHIP BETWEEN CAREER EDUCATION AND VOCATIONAL EDUCATION

Mr. MICHEL. Last year we discussed at some length the relationship between career education and vocational education. If vocational education is to become a part of the education revenue-sharing package, how does this affect your career education strategy?

Dr. MARLAND. I think it is compatible with it, Mr. Michel. All of the chief State school officers, every one, to the last man and woman, has agreed in principle to the theory of career education as a new concept for reform in the school system from elementary through graduate school and adult education. Each State has now received discretionary funds from the Commissioner of Education running in the neighborhood of $10 million to $20 million a year deployed across the country, to initiate their own model building in career education.

Those moneys were drawn from the vocational education authorities that have a lot of overlap with some of the preliminary purposes of career education. They reach far beyond the message of vocational education.

For all practical purposes, we are pursuing the authorities implicit in the Occupational and Adult Education Act of 1972 as passed in the education amendments which came largely out of the House Education Committee, to do the things that speak to a much larger spectrum of concern than vocational education alone, but we are using vocational education money in large part to do it, because it is compatible with that authority.

I would hope that I could come back before this committee in a year or two and ask for significant increases under the Adult Education Act to build the very things you are inquiring about now.

What about the vocational education money going to the States as revenue sharing? Those State officers will have precisely the same number of dollars they have this year, unless Congress modifies that, to do what they have been doing this year in the career education, model building theme as they encourage districts to reform through that model.

Mr. FLOOD. I think when we discuss this we should distinguish between general revenue sharing, which has been enacted, and special revenue sharing, which is still a gleam in someone's eye.

Mr. CONTE. General and special.

Dr. MARLAND. Special revenue-sharing does indeed find itself, in my judgment, compatible with career education, because there is already a commitment in those States to do with Federal moneys the things that they are already doing with Federal money, that is, build on the career education mode.

EDUCATIONAL RENEWAL

Mr. MICHEL. Where are we now with educational renewal?

Dr. MARLAND. Educational renewal as a term is silent in terms of renewal. It turned out to be a misunderstood term. It was not fully understood at this table or in the substantive committees.

The Commissioner of Education appeared to be departing from the intent of Congress in trying to package a number of discretionary resources. The term came into disrepute. We have not revived it since we were admonished by Congress to stop doing this thing called renewal.

I think we will come back to Congress with something that will probably have a different name but seek early on, without having appeared in any way to have initiated something without Congress——

Mr. FLOOD. A rose by any other name?

Dr. MARLAND. It would have many of the characteristics of renewal, but a name that will probably come before the substantive committees later this winter or early spring, not necessarily for funding in your committee this year, but to lay the groundwork for giving the kind of initiatives that I spoke of earlier when Mr. Shriver asked about catalysts, giving initiatives to NIE and OE to carry out with discretionary funds, things that will help systems reform themselves, which is really what renewal is all about, and to provide resources for teachers, rather than for a high priest at the Federal level.

The teachers themselves in communities or in subcommunities would retrain themselves in the light of the best resources available, to reform education in their own environment. That is the theory of renewal.

We will probably be back to the substantive committees with something that addresses that theory.

CONTRACT AND GRANT PROCEDURES

Mr. MICHEL. What are you doing to tighten up your contract and grant procedures?

Dr. MARLAND. I will give you a short answer to that, if I may, Mr. Michel, and then we will ask Dr. Ottina and Dr. Glennan to address that when they come before you.

In short, it would be this: We have established——

Mr. MICHEL. As you respond to this, would you tell us in total in the Office of Education, how much goes out in grants and how much in contracts? Can you give us a rough figure on that, and then we will know what we are talking about.

Dr. MARLAND. When you talk about grants, you are talking about really almost everything we have to use as a generic term. Title I is a grant. Student aid is a grant. Really, we are talking about a $5 billion budget, less our S. & E., which cover the grants definition. We are talking about $4.7 billion that goes out in grants and contracts.

Your question more sharply addresses itself to how we are handling discretionary programs and specific project grants as distinct from formula grants.

We have done a significant number of things to tighten that up. Among them, we have brought together under a single authority in the Office all of the grants and contracts management. We have also established a committee known as the Committee for Review of Sole Source Contracts. Anything over $25,000 now has to be approved by this committee, except in the discretion of the Commissioner.

It means that no program officer can administer a sole source grant of over $25,000 unless he convinces his peers—and they are very tough peers—that this is warranted.

We also have established a system of internal monitoring of our contracts and grants that was not there before. We have followed up on audits in a way that has never been done before, and with considerable blood on the floor throughout the country as we have insisted upon audit and redress of funds that had been granted to States and institutions that had been misused, and are recalling those funds or are halting the contracts, as the case may be.

So, these steps are in place, and I think you will find Dr. Ottina can give you more detail on that, if you wish, when he comes on.

BILINGUAL EDUCATION

Mr. MICHEL. You list bilingual education as a major priority, and yet you revise downward the original 1973 estimate from $40.1 million to $35.1 million, and are requesting the same for 1974. Why is this?

Dr. MARLAND. Bilingual education is being reinforced from another source which you may not be accounting for. The Emergency School Assistance Act has specific allocations for bilingual education which we had not anticipated at the time of the first budget, I think.

Mr. MICHEL. How much would you say that would be? You show these figures, and they throw them back at us on the floor. They say on the one hand you said this is a major priority, but look at the original 1973 figure and the revised 1973 figure. They say this does not reflect a major priority at all, and that you folks are whistling "Dixie" or something. What do we tell them?

Dr. MARLAND. We have to remind ourselves that bilingual education was never intended to be a service program. By that I mean it was never intended to have a universal impact on all children acquiring bilingual education.

I do not think Congress or the initiators of that bill ever saw it as anything more than a demonstration activity which would stimulate local school districts.

Mr. MICHEL. Unfortunately, Members who represent those districts that have a lot of bilingual children do not look at it that way. That is the kind of flak we get all the time.

Dr. MARLAND. Would you want to amplify that?

Dr. OTTINA. The $41 million that you referred to earlier had contemplated in it a plan to do a variation study of bilingual models, a research analysis type program.

With the formation of NIE, the OE request has deleted the request for that kind of work, and that will be accomplished by NIE.

Mr. MICHEL. There is no net difference?

Dr. OTTINA. There is no net difference in terms of operational programs. It remains in the $41 million, less $6 million.

Mr. MILLER. Furthermore, Mr. Michel, it would have stayed in the 1973 budget if NIE could have gotten started that fast, but they couldn't. It is in their 1974 budget. We really did not intend to cut that program at all.

Dr. MARLAND. There is no net loss. With the reallocation, money for the research part of it has gone from OE to NIE, but the net dollars are the same.

Mr. MICHEL. Is there any other place that we have amounts for bilingual education, other than emergency school assistance and your regular bilingual education?

Dr. MARLAND. Not categorically, but you will find people are using their title III money in some places for this under ESEA, and their title I money.

TOTAL SPENDING LEVEL FOR BILINGUAL EDUCATION

Mr. MICHEL. Have we any way of putting together the total amount that is spent for bilingual education, because really, in effect, that is what we are interested in.

Dr. MARLAND. Except by surveying all communities, we would have no ready information on that. We could tell you precisely what dollars at the Federal level are being dedicated to bilingual, and they would include the bilingual programs, ESA, and probably include shortly some more research out of NIE.

Mr. MICHEL. For the sake of the record, see what you can find on this, and put it together, so we can say the total amount of Federal money, at best we can calculate it, is such, and then, if possible, some figures that will support what the States and local communities are doing. That might help our case somewhat.

Dr. MARLAND. Very good.

[The information follows:]

Estimated Obligations for Bilingual Education Activities in the Office of Education Fiscal Years 1972, 1973, and 1974

	FY 1972	FY 1973	FY 1974
Elementary and Secondary Education:			
Bilingual Education (ESEA VII).............	$33,732,218	$ 35,080,000	$35,000,000
Follow Through.............................	3,332,524	3,332,524	2,369,000
Emergency School Assistance..................	2,675,000	16,892,600	16,292,600
Education for the Handicapped:			
Early education for handicapped children...	717,997	93,892	86,629
Teacher education and recruitment:			
Recruitment and information..............	20,817	20,817	---
Vocational Education.........................	28,000,000	30,000,000	30,000,000
Adult Education:			
Grants to States...........................	12,800,000	12,800,000	12,800,000
Special projects...........................	1,874,000	2,000,000	2,000,000
Teacher training...........................	750,000	750,000	750,000
	83,902,556	100,969,833	99,298,229

a) State education agencies contribute approximately $3.5 million to bilingual projects funded by the U.S. Office of Education.
b) Local education agencies contribute approximately $7.0 million to bilingual projects funded by the U.S. Office of Education

NOTE: Further estimates on State and local spending for bilingual programs are not available.

POSSIBLE CHANGES IN INTERN PROGRAM

Mr. **Michel.** Will you tell us for the record what changes are contemplated in the 1974 budget for the Office of Education intern program?

Dr. **Marland.** Very briefly, under the present conditions of employment, we cannot do very much in the way of any increases in our special programs, such as the intern program. We probably will try to sustain them at least at their current level.

I will get the record for you on that.

[The information follows:]

STATUS OF INTERN PROGRAMS IN 1974 BUDGET

	Fiscal year 1974		
	Number of participants	Salary	Training costs
OE management interns	5	$85, 290	$4, 000
HEW MI's	6	103, 184	4, 800
Public Service Careers	12	79, 716	
Public Service Careers (upgrading)	150		67, 500
Upward mobility college	276		476, 000
Project Stride	35	379, 470	59, 000
Project Start	15	130, 530	24, 000
Access	14	121, 828	9, 000

ADVISORY COUNCIL CHANGES

Mr. **Michel.** Have you any changes in these advisory groups and in-house task force groups? Are you going to have any more or less?

Dr. **Marland.** You may be recalling what I said last year. I think I may have gone on record last year as deploring the very large number of advisory councils we have.

Mr. **Flood.** You did.

Dr. **Marland.** This is in no way to disparage the role of advisory councils. Indeed, as the 17th century English poet Richard Lovelace said, Mr. Chairman, "I could not love thee dear, so much, loved I not honor more," or something like that.

The truth is that if I ~~did not~~ believe so much in the concept of advisory councils, I would not be so concerned over their present condition in the Federal Government. We have so many of them in the education division that they are not being treated responsively and respectfully in terms of the time and attention that the Commissioner and other top management staff can give to them.

There are so many that they tend to overlap and be redundant. There are 24 that are active now, and there are two or three more that are proposed for activation.

To answer your question briefly, Mr. Michel, we will come before you in the Commissioner's annual report in which Congress authorizes the Commissioner to recommend the activation of some or the discharge of some councils. There will be two or three recommended at that time for noncontinuation.

I might add that under the conditions of special revenue sharing, there are four Presidential councils that would not be funded as such under special revenue sharing. Those councils, however, I think serve a very important purpose in advising Congress and in advising the Commissioner of Education.

It would be my hope that we could find an alternate and simpler system, perhaps having an advisory council on special revenue sharing, so we could collapse those functions into one council instead of four, and thereby continue the function operationally within the jurisdiction of the Office of Education.

TITLE I AUDIT EXCEPTIONS

Mr. Michel. One final question. I probably should have asked this when I was on title I, because it has a bearing on that.

You remember last year I asked you what had been developed with regard to the repayment of funds that were misspent under title I; then your response was that letters were sent to eight State departments of education requesting refunds of close to $6 million.

Then you said in addition to these eight States, there are 16 other outstanding audit reports involving about $17 million.

These reports are currently being reviewed, together with responses to the reports received from State departments of education.

Would you bring us up to date on where we are today?

Dr. Marland. Very well.

[The information follows:]

TITLE I, ESEA AUDIT EXCEPTIONS (BASIC GRANTS)

3/9/73

State	No. Audit Completed	Completed Audits (Total dollar amounts of HEW AA exceptions)		OE Action Status									
						Settlements							
		Period	Dollars	In Process	OE Action	Refund to OE		Reimbursement to State		Addition of State funds to future year allocation		Addition of local funds to future year allocation	
						Amount	Date	Amount	Date	Amount	Date	Amount	Date
Alabama		9/65-6/68	914,652		589,546								
Alaska		9/65-8/70	438,215	438,215									
American Samoa	X												
Arizona		9/65-8/69	1,588,219		762,023								
Arkansas		9/65-6/70	2,448,786		615,548								
California		9/65-8/68	2,495,998		1,102,518								
Colorado		9/65-8/67	4,156		0								
Connecticut		9/65-9/68	0		0								
Delaware		9/65-6/69	30,199		0								
District of Columbia		7/65-6/67	5,400,000		1,560,150								
Florida		7/65-6/69	11,016,201		3,479	3,479	3/7/73						
Georgia		9/65-6/67	0		0								
Guam	X												
Hawaii		9/65-8/69	302,255	302,255									
Idaho		9/65-8/68	12,585		3,205					3,205	6/29/71		
Illinois		9/65-6/68	9,477,510		3,905,385								
Indiana		9/65-8/67	136,592		5,579	5,579	8/2/71						
Iowa		7/65-6/69	195,974		195,974								
Kansas		9/65-6/69	134,395	134,395									
Kentucky		7/65-6/67	831,421		295,378								
Louisiana		9/65-8/66	2,868,000		0								
Maine		9/65-12/69	1,069		1,069	1,069	7/15/71						
Maryland	X												
Massachusetts		9/65-6/68	207,819		50,155			600	4/1[illegible]/69	48,863	4/15/69	[illegible]2	8/2/71
Michigan		9/65-8/69	4,608,467		928,640								
Minnesota		9/65-6/69	384,419		207,900								
Mississippi		9/65-8/69	3,502,566		3,000,689								
Missouri		9/65-12/68	5,920		5,920							5,920	3/6/67
Montana		9/65-866	31,657		19,057								
Nebraska		7/65-6/70	211,336	211,336									

State	No. Audit Completed	Completed Audits (Total dollar amounts of HEW AA exceptions)		OE Action Status									
						Settlements							
		Period	Dollars	In Process	OE Action	Refund to OE		Reimbursement to State		Addition of State funds to future year allocation		Addition of local funds to future year allocation	
						Amount	Date	Amount	Date	Amount	Date	Amount	Date
Nevada	X												
New Hampshire		9/65-4/70	26,873		10,549							10,549	5/18/71
New Jersey		9/65-8/67	192,975	192,975									
New Mexico		9/65-8/66	90,157		5,429								
New York		7/65-8/66	89,698		0								
North Carolina		7/65-2/70	4,096,075	4,096,075									
North Dakota	X												
Ohio 1/		9/65-8/68	9,927,195		64,685	64,685	1/10/69 1/						
Oklahoma		9/65-6/68	49,995		685							685	6/16/72
Oregon		9/65-8/67	138,000	138,000									
Pennsylvania		7/65-8/67	422,394		138,250								
Puerto Rico		7/65-6/70	60,000,000	60,000,000									
Rhode Island	X												
South Carolina		7/65-6/70	3,508,959		2,791,494								
South Dakota		9/65-6/71	93,600	93,600									
Tennessee		9/65-8/69	2,563,337		2,303,528								
Texas		9/65-6/69	2,749,655		630,155								

State	No. Audit Completed	Completed Audits (Total dollar amounts of HEW AA exceptions)		OE Action Status									
						Settlements							
		Period	Dollars	In Process	OE Action	Refund to OE		Reimbursement to State		Addition of State funds to future year allocation		Addition of local funds to future year allocation	
						Amount	Date	Amount	Date	Amount	Date	Amount	Date
Trust Territory	X												
Utah		9/65-8/67	47,187		28,785	1,713	9/19/70			27,072	4/7/70		
Vermont		9/65-6/69	0		0								
Virgin Islands		7/65-1/70	114,940	114,940									
Virginia		7/65-6/67	92,468	92,468									
Washington		9/65-8/68	189,628		-0-								
West Virginia		7/65-12/69	72,880	72,880									
Wisconsin		9/65-8/67	130,237		33,336	32,904	10/8/71					432	10/8/71
Wyoming		9/65-8/69	0		0								
TOTALS			131,844,664	65,887,139	19,259,111	105,950		600		79,140		18,278	

1/ After January 1969 OE returned $64,685 to Ohio since GAO determined OE was not entitled to interest earned on OE funds deposited by State.

Of all States audited, eleven States had audit periods extending beyond August of 1969. The total dollar amount of exceptions is $71,012,733. Of this amount $60,000,000 is for audit exceptions in Puerto Rico for the audit period FY 66-70.

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State	Audit Control #	Date of Audit Completion (HEWAA to USOE)	Response from SEA		Response from USOE		Substance of Further Communication of Interaction	Current Status	
			Date	Substance	Date	Substance		USOE-Requested Dollars	State Response Status
ALA.	10004-04	9-30-70	12-21-70	Response submitted	11-9-72	Preliminary determination letter	12-1-72 USOE-State meeting Mtg. held. 30-day extn granted for submission of additional information	589,546	State is to submit further information
ARIZ.	10003-09	8-21-70	-10-71	Cited lack of program clarification--requested mtg. on 10-13-71	1-26-72	Final determination letter		762,023	Referred to State Attorney-General-State refused to pay
ARK.	20005-06	10-29-71	1-11-71	Contests entire amount based on variability of guidelines	11-8-72	Preliminary determination letter	State held meeting with USOE on 12-18-72 - Additional time granted for information to be submitted.	615,548	Negotiations continuing
CALIF.	90074-09	9-3-71	9-27-71	Submitted response	9-3-71	Final determination letter		1,102,518	Negotiations continuing
COLO.	90005-08		Information was previously examined in prior review and USOE had reduced audits exceptions to zero. No further actions were necessary.					-0-	Closed
CONN.			Information was previously examined in prior review and USOE had reduced audits exceptions to zero. No further actions were necessary.					-0-	Closed
DEL.	00113-02 30016-03	6-22-70	7-23-70	Corrected program deficiencies	2-22-71	Closed Audit		-0-	Closed
DIST. OF COL.	00002-03	7-31-69	1-18-69	Submitted reply			4-10-72 submitted rebuttal at USOE-DC meeting	1,560,150	Data submitted by District currently under USOE consideration
			0-20-71	Requested meeting					
			2-29-71	Referred audit to corp. council	10-14-71	final determination letter			
FLA. (SEE PAGE 6)									

State	Audit Control #	Date of Audit Completion (HEWAA to USOE)	Response from SEA		Response from USOE		Substance of Further Communication of Interaction	Current Status	
			Date	Substance	Date	Substance		USOE-Requested Dollars	State Response Status
GA.	00033-04	6-22-70	8-28-70	Submitted response	2-22-71	Preliminary determination letter		-0-	Closed
IDAHO	00001-10	5-14-70	6-18-70	Submitted response	6-29-71	Closed audit		3,205	Closed(additional SEA funds added to future year allocation on 6-29-71).
ILL.	90175-05 00258-05	1-25-67 11-20-68	1-15-68 2-23-68 7-18-69	Submitted responses	5-4-72 9-29-72	Preliminary determination letter Requested additional info.	4-3-70 - USOE-State meeting held 6-14-72 USOE-State meetings held	3,905,385	Additional info. requested by USOE recently received--USOE in process of reviewing
IND.	ARN 780	6-16-70	7-1-70	Submitted response	7-15-71	Preliminary determination letter		5,579	Closed. (SEA refunded funds to USOE on 8-2-71
IOWA	00001-07	4-8-70	5-8-70	Submitted response questioning many items	5-1-72	Preliminary determination letter	5-17-72 - Requested meeting 5-31-72 - Held meeting 9-19-72 - Submitted additional information	195,974	Data submitted by State currently under USOE review
KY.	00001-04	2-70	6-22-70	Submitted response questioning Title I Regs.	11-9-72	Preliminary determination letter	12-5-72 - Submitted response to preliminary determination	295,378	Negotiations continuing
LA.	00080-07		State had bad record--Auditors now conducting new audit for this period.					-0-	
MAINE	10030-01	9-16-70	5-20-71	Submitted response	7-12-71	Final determination Letter		1,069	Closed. (SEA refunded funds to USOE on 7-15-71)

State	Audit Control #	Date of Audit Completion (HEWAA to USOE)	Response from SEA		Response from USOE		Substance of Further Communication of Interaction	Current Status	
			Date	Substance	Date	Substance		USOE-Requested Dollars	State Response Status
MASS.	90001-01	8-10-67			9-9-68	Preliminary determination	8-2-71 Mass. submitted additional information	50,155	Closed. (SEA settled entire amount by allocating SEA and LEA funds to future year on 4-15-69 and 8-2-71)
			10-27-69	Submitted response	6-28-71	Final determination letters	"		
MICH.	10010-05	7-20-70	9-14-71	Submitted response	9-3-71	Final determination letter	11-22-71 held USOE-State meeting	928,640	Negotiations continuing
			1-7-72	Submitted second response					
MINN.	10013-07	7-15-70	8-13-70	Submitted response	1-26-72	Preliminary determination	2-1-72 submitted additional information	207,900	On 12-6-72, State requested a tribunal hearing.
					9-21-72	Final determination letters	3-8-72 held State-USOE meeting 10-3-72 State requested transcript of meeting--transcript sent 10-31-72		
MISS.	10002-04	12-17-70	1-27-71	Submitted response	11-10-72	Preliminary determination letters	State requested meeting to be held on 1-11-73 - Meeting held. Additional information submitted	3,000,689	Negotiations continuing
MO.	00003-06	10-20-69	No Memo copy in file		9-7-71	Preliminary determination letter. Asked for $5,920 credit to Title I account	10-6-71 SEA answered audit questions by sending documentation of credit of $5,920 to Title I account	5,920	Closed. (SEA settled by adding LEA funds to future year allocation on 9-27-71)

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State	Audit Control #	Date of Audit Completion (HEWAA to USOE)	Response from SEA		Response from USOE		Substance of Further Communication of Interaction	Current Status	
			Date	Substance	Date	Substance		USOE-Requested Dollars	State Response Status
MONT.	10001-08	10-21-70	12-23-70	Reply to questions on the audit Rpt.	6-28-71	Asked for return of $31,657	8-24-71 - State documented points of question. 4-26-72 - OE asked for return of $19,057	19,057	5-8-72 asked for 30-day extension 5-15-72 got extension.
N.H.	10033-01	10-29-70	1-26-71	Answers to (8) audit findings	5-18-71	Answer to their memo of 1-26-71 stating we will close if they reallocate $10,549 to Title I fund.	6-7-71 - SEA letter with documentation for audit report showing reallocation of $10,549 to Title I account	10,549	Closed. (SEA settled by adding LEA funds to future year allocation on 5-18-71)
N.M.	00025-06	6-5-70	7-28-70	Comments on audit report findings	11-9-72	We asked for $5,429 to close account		5,429	Open - No correspondence since 11-9-72
N.Y.	90038-02	10-22-68	8-30-70	Pre answer to audit draft questions	1-28-70	Asked for additional information	2-6-70 - SEA reply with additional information 4-14-70 - Asked for legal opinion	-0-	10-19-71 close-out letter
OHIO	90110-05	6-13-69	8-8-69	Documentation of questions				64,685	Folder lost. Closed. (SEA refunded entire amount to USOE on 10-8-72
OKLA.	90053-07	6-23-69	7-15-69	Documentation for audit questions			6-16-72 - SEA Documentation of $685 credit to Title I account	685	Closed. (SEA added LEA funds to future year allocation on 5-16-72)

[illegible]	Audit Control #	Date of Audit Completion (HEVAA to USOE)	Response from SEA		Response from USOE		Substance of Further Communication of Interaction	Current Status	
			Date	Substance	Date	Substance		USOE-Requested Dollars	State Response Status
PA.	90051-02	4-4-69	5-4-69 5-22-69	Documentation & answer to (10) audit questions State submitted more documentation	4-3-70 5-16-72	Response to Documentatio Letter askin for $138,250		138,250	Negotiations continuing
S.C.	20001-04	9-28-71	10-28-71	Submitted response	11-10-72	Preliminary determination letter	2-22-72, 3-3-72, & 12-4-72--submitted additional data 2/13/73 Meeting held	2,791,494	Negotiations continuing Additional Infor
TENN.	10003-04	9-23-70	12-10-70	Submitted response	11-10-72	Preliminary determinatio letter	11-15-72 - State asked for meeting; met on 12-9-72	2,303,528	USOE currently reviewing data submitted on 12-9-72 by State
TEX.	10016-06	8-17-70	10-9-70	Submitted response	11-8-72	Preliminary determinatio letter	12-13-72 - USOE-State meeting held	630,155	Negotiations continuing
UTAH	00014-08	8-5-69	6-1-70	Submitted response	8-26-70	Preliminary determinatio letter		28,785	Closed. (SEA refunded money to USOE on 9-19-70 and added SEA funds to future year allocation on 4-7-70)

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State	Audit Control #	Date of Audit Completion (HEWAA to USOE)	Response from SEA		Response from USOE		Substance of Further Communication of Interaction	Current Status	
			Date	Substance	Date	Substance		USOE-Requested Dollars	State Response Status
VT.	00035-01	4-20-70	5-4-70	Response to Audit. They agreed with Audit.	4-9-71	Closeout letter		-0-	4-9-71 closed
WASH.	00069-09	12-23-69	1-22-70	Response to Audit	9-3-71	Asked for $189,628 in final determination letter	2-7-22 - Documentation sent from SEA 4-29-72 - Letter stating more information will be sent by May '72. - Letter 3/8/73 USOE accepted justification for funds expenditures	-0-	Closed
WISC.	90178-05	10-22-68	12-20-68	Response to (7) audit findings	4-7-69	Reply to their answers Asked additional Documentation	9-3-71 - Additional documentation supplied by SEA	33,336	Closed. (SEA refunded funds to USOE and added LEA funds to future year allocation on 10-8-71)
WYO.	00128-08	6-19-70	None	None	5-18-71	Preliminary determination letter	6-3-71 - SEA letter with information requested by OE 5-18-71. 6-29-71 - Closeout letter from OE	-0-	Closed 6-29-71
FLA.	10001-04	10/9/70			1/29/73	Preliminary Determination Letter	Request for Extension Granted	$3,479	Closed - ($3,479 Received to settle audit)

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tate	Audit Control #	Date of Audit Completion (HEWAA to USOE)	Response from SEA		Response from USOE		Substance of Further Communication of Interaction	Current Status	
			Date	Substance	Date	Substance		USOE-Requested Dollars	State Response Status
VT.	00035-01	4-20-70	5-4-70	Response to Audit. They agreed with Audit.	4-9-71	Closeout letter		-0-	4-9-71 closed
WASH.	00069-09	12-23-69	1-22-70	Response to Audit	9-3-71	Asked for $189,628 in final determination letter	2-7-22 - Documentation sent from SEA 4-29-72 - Letter stating more information will be sent by May '72. - Letter 3/8/73 USOE accepted justification for funds expenditures	-0-	Closed
WISC.	90178-05	10-22-68	12-20-68	Response to (7) audit findings	4-7-69	Reply to their answer. Asked additional Documentatio	9-3-71 - Additional documentation supplied by SEA	33,336	Closed. (SEA refunded funds to USOE and added LEA funds to future year allocation on 10-8-71)
WYO.	00128-09	6-19-70	None	None	5-18-71	Preliminary determinatio letter	6-3-71 - SEA letter with information requested by OE 5-18-71. 6-29-71 - Closeout letter from OE	-0-	Closed 6-29-71
LA.	10001-04	10/9/70			1/29/73	Preliminary Determinatio Letter	Request for Extension Granted	$3,479	Closed - ($3,479 Received to settl audit)

Mr. FLOOD. Mr. Natcher.

DEFENSE VERSUS HUMAN RESOURCES

Mr. NATCHER. Dr. Marland, in your statement you state in part as follows:

Looked at another way, some 46.7 percent of the Federal budget is allocated for human resources, including education, as opposed to 30.1 percent for defense. This continues the dramatic reversal of budget priorities which has taken place since the President's first year in office, when 34.4 percent went to human resources and 44 percent to defense. In dollar outlays this shift is even more dramatic:

> While spending for national defense has remained virtually at the 1969 level of $81 billion, spending for human resources has increased from $63.5 billion to $125.5 billion from 1969 to 1974.

Dr. Marland, when Secretary Richardson appeared before our committee last year in behalf of the budget request for fiscal year 1973, he stated in part as follows: Let me read this to you:

> We are also beginning to gird ourselves for new tasks in the temper of a changing time and have begun to shift our priorities accordingly. Since the present administration took office, human resources expenditures have risen from 34 percent of the total Federal budget to 45 percent, while national security expenditures have declined from 44 percent to 32 percent. HEW's budget meanwhile has been rising at an annual rate of 14 percent, nearly twice the average rate of increase in the total Federal budget. In the next fiscal year the Department outlays will approach $79 million, roughly one-third of the Federal budget.

Then, Dr. Marland, my able chairman, Mr. Flood, said to the Secretary:

"Of course, you are including the trust funds in that figure of $79 billion."

And the Secretary said, "Yes."

Dr. Marland, as you know, the budget now before the Congress for fiscal year 1974 totals $269 billion. The budget for fiscal year 1973 was $243 billion. The budget that we have before this committee now for Labor-HEW totals $31,064,803,000. The budget that was presented to the committee for fiscal year 1973 was $33,798,189,500. The continuing resolution for fiscal year 1973 under which we are operating totals $34,078,914,500.

Now you have $2,733,386,500 under the 1973 estimate, and you have $3,014,111,500 under the continuing resolution.

When you talk about priorities and domestic programs and defense, you have to consider all those figures, do you not?

Dr. MARLAND. We do, indeed. Of course, definition probably causes some semantic differences as we speak of human resources on the one hand, and HEW on the other, because human resources implies a larger span than solely HEW.

For example, it includes some parts of agriculture and some parts of labor. If there is an inconsistency in the arithmetic, it may be explained in the fact that human resources is still being used as a generic term, rather than an organizational specific.

PROBLEMS IN THE HEW BUDGET

Mr. NATCHER. When the Secretary was before our committee last year—Mr. Miller remembers this and Mr. Cardwell was here—in discussing the budget request with him, I said to him, and I think I am right about it, "You can't say to the people of this country that you are going to increase defense appropriations and cut back on the domestic programs." Instead of increasing defense in the budget for fiscal year 1974, $5 billion-plus, it should have been reduced $6 billion.

You could have done it. My chairman sitting here on my right serves on that subcommittee, and he will tell you that you could do it and not impair the security of this country. That is one of our major problems that we have, and you and I know that.

We put 12 men on the Moon. No other country has been able to place one on the Moon.

As far as space generally is concerned, instead of cutting it back about a billion and a half like it should have been cut back, space was increased. Defense was increased.

I was a little amused, to be frank with you—I am not fussing at you, because I am one of your admirers and I think you do a good job—still your statement was almost identical to the statement we received last year.

When my chairman takes this bill to the floor and presents it to the House of Representatives, if he says, "Ladies and Gentlemen: Hill-Burton is out of this bill. Impacted aid is out of this bill. Library services are out of this bill."

Then, not to be facetious, he had better go out in Maryland to the machine shop out there where they make those steel helmets and breastplates and all, and he had better have a pretty good outfit to be wearing on the floor. We will have the same thing happen to us that happened last year.

We said to them all during the hearings, you know this budget is not going to be accepted, and it wasn't accepted. We asked them on the floor not to increase this budget as much as they did in the amendments. We increased the bill $912 million, and you know it.

We took this bill to the floor with those increases that should have been in there just to get it passed. Then the President vetoed it. After we left here on October 14, he vetoed our bill again, a pocket veto this time.

As you and I well know, we are operating under a continuing resolution.

Dr. Marland, when you say to the people of this country, we are going to cut back in health, education, and welfare, but we are going to increase defense, you are not going to sell too many people today.

If you are defending that theory of operation of this budget and the Government, whereby you cite defense appropriations against domestic programs, Doctor, you have problems. You cannot sell the American people on this.

I am one of those who believe the President did exactly what he should have done in this war, and he did it in good time. With the exception of a year and a half, we have been engaged in war in this country for the last 30 years—World War II, Korea, Vietnam. Twelve years in Vietnam and this is the most unpopular war in the history of our country.

When you bring a budget in for education or anything else and you start comparing it to defense when you have a $5 billion increase in defense, you cannot sell it to the House.

I did not intend to make you this long speech, Mr. Chairman.

Mr. Miller. May I say two words?

Mr. Natcher. You may say three. You heard this conversation last year.

Mr. Miller. One, the Secretary will be here tomorrow, and I think he would like an opportunity to respond to that.

TRUST FUNDS IN THE BUDGET

Second, the last set of figures that you read did not include the trust funds, and I do not think we can ignore the $10 billion increase in our budget which does include social security benefits. That is a deliberate choice on the part of both the Congress and the people and the administration that we will put a significant amount of money into that component of the domestic area.

So, there is a very major increase in our budget, even though it is in trust funds and does not come before this committee in the form of an appropriation.

Mr. Natcher. You know as well as I do, as far as trust funds in the budget for fiscal year 1973, in 1970, 1965, and on down through the years, it is a matter of taking a pencil and adding trust funds to new money requests to make the overall amount sound larger. You know that. You know how they do it downtown. It has been done for years. Not this administration alone, but every one of them.

When you talk about trust funds, Mr. Miller, you were sitting here last year when we talked to the Secretary about this matter, and Mr. Cardwell said, "I agree with you." I can read it to you. It is in there.

Dr. Marland, when you say to the people that we are going to justify certain reductions in all of these requests for education but we are going to increase Defense, we will have a hard time selling the Congress on it. I say that to you frankly.

EDUCATION REVENUE SHARING

Do you generally believe in and are you enthused over education revenue sharing?

Dr. Marland. I do believe in education revenue sharing strongly, Mr. Natcher. I would say again, I would like to translate it to my terms, namely, grants consolidation for economy and efficiency to the State and local authorities.

All the many laws which have been passed which create these 30 to 35 categorical programs in their time were right and important and necessary, but I think that they have accumulated to the point where Congress and the administration should look very hard at them and say, "Have not these things now done their work in getting this started as national priorities?" and bring intelligence to bear to say let us simplify the process, preserve the integrity of the local districts and the States, and say now that we have started these large national trusts, let us put them in place and give you greater freedom to operate them.

This is all special revenue sharing intends to do. Yes, I do believe in it very much.

Mr. Natcher. As I understood from the bill presented last year, you would take some 30 categorical grants and you would bring them down to 5 or 6.

Dr. Marland. Really to one authority that has probably three or four titles under it, that is correct.

DISTRIBUTION OF REVENUE-SHARING FUNDS

Mr. Natcher. As far as the States are concerned, as I understood, under the bill which was presented—it was before the Committee on Education and Labor; it provided that the money would go through the State authorities; the superintendent of public instruction, for instance; into the State capital, is that correct, and then from that point it would go into the school districts throughout the State?

Dr. Marland. That is generally correct, sir.

Mr. Natcher. Did you know that in a lot of States I can name, they are not in favor of the State superintendent of public instruction having this money and disbursing the money down through the districts? Do you run into any of that?

Dr. Marland. Yes, sir. That is one reason that the administration in last year's bill—again, I have only to speculate about this year's bill—last year it was for that very reason that the administration sought to have the money for the disadvantaged go directly to the local districts in the States that were qualified.

Mr. Natcher. And not carry it through the State education authorities?

Dr. Marland. No. There is a basis for having the other parts of those national priorities administered at State level, because you are dealing there with a State policy mechanism. You are dealing with education of the handicapped, for example, which may require a considerable amount of State management, vocational education, and so on.

I am mindful of the differences of opinion. You will find others who are on the other side, who say every nickel that comes out of the Federal Government should be through the State governments for administration, and not go to the local districts until it has been processed through filter of the State.

You can have equally strong positions on both sides.

I think our position will be one of saying disadvantaged moneys should go right straight through as they do in title I to the local districts. I think our position on the remainder of revenue sharing will probably be that it become State-administered.

POSSIBLE CHANGES IN THE BUDGET

Mr. Natcher. We will have considerable difficulty in presenting this bill to the House of Representatives as it has been presented to the committee. I do not think you would disagree with that. Certain portions of the budget requested as presented will have to be changed.

My chairman will be placed in about the same position as last year when we first presented the bill. It will be a right difficult matter.

I did want to point out to you your part of the statement and the part of the statement that we had last year.

Further in discussing the matter with the Secretary, I pointed out to him that we would have all this trouble. I think we will have trouble on this bill. I think you and I will live to see the day, not counting trust funds, that the bill that appropriates the money for the Department of Labor, and Health, Education, and Welfare, will be the largest appropriation bill presented to the Congress. That is the way it should be. It will be the largest bill presented to the Congress unless there is a division in the departments.

Dr. MARLAND. Even now, if you allow for the trust funds, I think you will find we have reached that condition.

Mr. NATCHER. Not in new money.

Dr. MARLAND. New money.

Mr. NATCHER. Not in new money. We go right back to your original statement.

Thank you, Dr. Marland.

Dr. MARLAND. Thank you, Mr. Natcher.

Mr. NATCHER. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Conte.

Mr. CONTE. I have only a few questions.

I want to commend Dr. Marland for the fine statement and presentation he has made here today, and the way he has responded to questions.

Dr. MARLAND. Thank you.

OFFICE OF THE ASSISTANT SECRETARY FOR EDUCATION

Mr. CONTE. Dr. Marland, you presented a diagram of the Office of the Assistant Secretary for Education. Would you supply for the record what the salary grades will be for each of those jobs?

Dr. MARLAND. Yes, I will be pleased to.

Just to give you a quick answer, they will range from very minimal, nonprofessional salaries at the GS-4 and GS-5 level for clerks and runners, up to at the most—my rank is established by law at executive level IV—at the most, one executive level V and two GS-17's or GS-18's. That is about the span of it.

I will give you for the record our present estimated deployment of ranks throughout the office.

[The information follows:]

OFFICE OF THE ASSISTANT SECRETARY FOR EDUCATION
(Tentative Staffing Plan, 3/16/73)

Immediate Office

Assistant Secretary EL-IV
Administrative Asst GS-301-12
Secretary GS-301-10
Secretary/Receptionist GS-318-08
Special Assistant GS-301-14
Secretary GS-318-6
Clerk Messenger GS-322-5/6
Deputy Assistant Sec EL-V
Secretary GS-318-09
Special Assistant GS-301-13
Secretary GS-318-06
Director, Executive Sec
GS-301-12
Assistant GS-301-5
Travel Specialist GS-301-08
Secretary GS-318-6

Office of Administration

Director GS-301-14
Asst to Director GS-301-7
Secretary GS-318-5
Budget Analyst GS-343-12
Management Analyst GS-343-9
Program Coordinator GS-1720-13
Program Coordinator GS-1720-11
Secretary GS-318-4

Office of Policy Development

DAS/Policy Development GS-301-18
Secretary GS-318-09

(Policy Analysis)
Director GS-301-16
Secretary GS-318-08
Analyst GS-345-14
Analyst GS-345-13
Analyst GS-345-12
Secretary GS-318-06
Secretary GS-318-06

Policy Development Cont

(Policy Planning)
Director GS-301-16
Secretary GS-318-08
Analyst GS-345-15
Analyst GS-345-14
Analyst GS-345-13
Analyst GS-345-12
Secretary GS-318-06
Secretary GS-318-06

Office of Policy Communication

DAS/PC GS-301-18
Secretary GS-318-09
Exec Assistant GS-301-14
Education Program Specialist
GS-1720-13
Secretary GS-318-08
Organizational Specialist
GS-301-15
Organization Liaison GS-301-11
Secretary GS-318-5
Public Info. Officer GS-1081-15
Public Info Specialist
GS-1082-9
Secretary GS-318-04

Federal Interagency Committee on Education

Director GS-310-15
Deputy Director GS-301-15
Secretary GS-318-07
Secretary GS-318-07

BASIC EDUCATIONAL OPPORTUNITY GRANTS

Mr. **Conte.** At page 4 of your statement, you say:

> For the first time in history, every young person who aspires to postsecondary education may receive it without being barred for lack of funds.

You are speaking of the basic educational opportunity grants. We were here all last week on the supplemental in this area.

I had a few presidents of student councils in my office this week. Mrs. Green made some fine points coming from the legislative committee, being very familiar with this. These kids will not be able to cut the mustard with the basic educational opportunity program alone when you do away with EOG, SEOG, and NDEA. I think the case is made that they will just not be able to do it.

Dr. **Marland.** I do not want to quibble about this, Mr. Conte, but I felt that statement was a little strong as it was prepared in my earlier testimony from which you are quoting correctly. In my recorded statement, I modified it a little bit, as follows, I am speaking of right now. I am saying that, for the first time in history, every young person who aspires to postsecondary education can now be encouraged realistically to enroll.

I am saying that to modify downward a little bit what might be an overpromising message in that statement as it first appeared in this text. I merely call your attention to the fact that you have properly perceived something that might be overpromising, and I wanted to avoid that, and that is why I edited my speech for the record.

Let me amplify a little bit.

Mr. **Michel.** You would rather stick to your original text?

Dr. **Marland.** I would, indeed.

Mr. Conte, you remember the President's announcement of 1970 when he said, as he launched the postsecondary education initiatives, that he would like to see it so no young person in the United States was denied a college education for reason of lack of money.

We are coming close to it. With our budget constraints, you know what we have done has been done at great pain as we have tried to make tradeoffs to bang moneys into those BOG programs at the expense of many things, including libraries, as Mr. Natcher pointed out; including other very desirable things that over the years have been found desirable.

Now we are saying that to get very young person assured of going to college is causing us to make tradeoffs. I do not think in 1973 we are going to be able to say, because these are forward-funded, that during the school year 1973–74, which starts next September, that the firmness of the statement from which you have quoted in my testimony would hold up.

I think there will still be marginal conditions surrounding that. I would hold that our 1974 budget forward-funded to school year 1974–75, a year from September, is at a level, our projections show, that the BOG program, combined with student loans, combined with work-study, will be sufficient to insure that, indeed, the words in this testimony will prevail.

I do not think I should be overpromising for the school year 1973–74.

POSSIBLE POSTPONEMENT OF BOG PROGRAM

Mr. **Conte**. I learned much last week by attending the hearings. I would think you would be better off by postponing BOG and funding the other programs. I think the student would have a much better break by full-funding the other programs than he has under BOG.

This way, he may come out at the short end of the stick. He may be worse off with BOG than he was before. At least, this is what the students tell me.

Dr. **Marland**. They came to see me, too.

I am mindful of the differences on this. I think it is noteworthy, Mr. Conte, that our projections show that for fiscal year 1974 we will advance the number of young people being supported with grants for higher education and postsecondary education by fivefold over the current level.

In other words, we will move from 300,000 youngsters affected by grants to 1.5 million.

This takes all the money we could get out of this budget to do it. A million and a half young people receiving Federal grants is a far reach ahead of what we are doing now. It may still leave some out of the stream because, as you know, Congress passed a law that said up to $1,400, which shall be not more than half of the cost of instruction and attending that institution. That will be a factor.

We are hoping it is so reinforced by the opportunities for work-study and guaranteed loans that, indeed, it will cover virtually everybody who wants to go to college.

Mr. **Conte**. You have cut work-study, though, have you not?

Dr. **Marland**. We are funding work-study at $250 million.

Mr. **Conte**. Is that full funding?

Dr. **Marland**. It is enough to satisfy the need, we feel.

VIETNAM VETERANS

Mr. **Conte**. Another thing that shocked me last week related to the Vietnam veterans. Last fall the Congress raised GI bill payments to $220 a month. Everybody was slapping each other on the back saying how great that really was.

When you really look at it in the terms of today's dollars and World War II dollars, you find these fellows got nothing. After World War II, veterans who went to school had their tuition paid for, and they received $75 a month for subsistence under the GI bill of rights.

The Vietnam veteran is really being shortchanged. I know that is not your fault. It is the fault of the Congress and the administration. The Vietnam veteran needs more than he is getting now.

The thing that really shocked me was that the $220 per month Vietnam veteran is receiving under the GI bill will be used against the $1,400 for BOG's under the formula. He may not wind up any better off than he is now.

Dr. **Marland**. He is still eligible for these programs under the formula that we are trying to construct in such a way as to assist with that problem.

Only half of his GI benefits will be charged as income, as we calculate it.

Mr. Conte. $110?

Dr. Marland. Right.

Mr. Conte. What about a service-connected pension?

Dr. Marland. I will have to check for help on that one.

Pension, service-connected disability——

Mr. Michel. That would certainly have to be excluded, because it is excluded for income tax.

Mr. Conte. The $220 per month the Vietnam veteran is receiving under the GI bill is not taxable either.

Dr. Marland. We will have to submit an answer on that.

[The information follows:]

Treatment of Service-Connected Veteran's Disability Payments fot the Basic Educational Opportunity Grant Program

The legislation provides that one-half of any amount paid the student under chapters 34 of title 38, United States Code shall be considered as effective income for a student. These chapters of the code deal with veteran's educational benefits. Since veteran's disability benefits are considered under other chapters, some alternate treatment for these benefits was required. The position ev[illegible] taken was the veteran's disability benefits would be considered as "other family income" of the student if he is an independent student. In effect, there is an expectation which is equal to the rate of expected family contribution times the veterans' disability benefits. These percentages are 75, 50, or 40 percent of the "other family income" of the independent veteran depending on his marital status and number of dependents.

Since there is no expectation from the income of a dependent student under any circumstances, there would be no contribution expected from the veteran's disability benefits of a dependent student.

COMPUTATIONS FOR BOG PROGRAM

Mr. Conte. You are saying, then that $110 will be used against the $1,400?

Dr. Marland. That is right.

Mr. Conte. Do you know what you are limiting this fellow to? You are limiting him to a community college or a State institution. He cannot go to a private school. He cannot go to Yale. That is why Yale has only 13 Vietnam veterans. Yale's tuition is $3,700 per year. The veteran just will not be able to go there unless his family can afford it.

Dr. Marland. I do not want to keep laboring it, but we do provide guaranteed loans for such students, and virtually any youngster can qualify for that under our terms.

Mr. Conte. How much can he borrow, so we will have the record complete?

Dr. Marland. He can borrow up to $10,000 for the 4 years of undergraduate studies, roughly $2,500 a year.

Mr. Michel. Does the Office of Education have any facility for estimating the number of young people going to college who are working and gaining some money outside of a Federal program? The thing that disturbed me is that we concentrate all our deliberations on what you get from the Federal Government, like there is no opportunity for work except work-study.

There are jobs available for people who want to seek them out and work themselves through college. I worked 40 hours a week to get through college. It wasn't at very handsome pay, either.

I just hate to think that this generation and the ones coming along have no obligation whatsoever to push a broom around once in a while, or a lawnmower, such as we had to do. It may be old hat.

Aren't there any figures available that would indicate the number of college students who are making some kind of effort? Everybody around this table had to work to get through college.

G. I. BILL

Mr. Conte. You benefitted from the GI bill of rights, and so did I. If it wasn't for the GI bill, I wouldn't be sitting here today. I say the Vietnam veteran is not getting enough, even if he works. He just can't go to a private college. He will be limited to a community college or a junior college or a State university. That is the point I am trying to make.

Certainly, they ought to work. By all means. It is good for them. They can quit burning down buildings. They can go home and go to bed at night.

Dr. Marland. I do not think you will find that the veterans are the cause of the unrest.

Mr. Conte. No.

Dr. Marland. Nothing more constructive has happened to higher education, as far as I know, according to most college presidents, than the presence of the World War II veterans on their campuses under the GI bill, bringing maturity, motivation, self-respect to those classrooms. It was a splendid thing, and we are hoping to have the same thing replicated as other veterans move into the schools.

I have no information, Mr. Michel, on the numbers of nonfederally supported jobs. I think it would be a worthwhile thing to do. I will try to get it.

[The information follows:]

Nonfederally Supported Jobs for College Students

Very limited information is available at this time regarding the amount of non-Federal employment resources provided to students in on-campus and off-campus jobs.

The OE does plan to obtain this information from institutions through the medium of the fiscal year, 1975 institutional application to participate in Federal student financial aid programs.

The annual average amounts reported to OE of the total non-Federal scholarship and wages paid to students during the 1967, 1968, and 1969 fiscal years was $724,011,129. This amount represented funds under the control of the institution.

ADMINISTRATION OF PROGRAMS RELATING TO REVENUE-SHARING

Mr. Conte. Getting back to revenue sharing, you say this really should be called a consolidation of programs. It will consolidate, by your count, 34 programs.

Could you tell me how many people working for the Federal Government are administering these 34 programs?

Dr. Marland. A quick estimate would be around 1,100 people. That includes regional offices as well as the Washington office at the Federal level.

Dr. Ottina. That is probably closer to 500 to 700. We will submit a detailed breakdown showing every program and the number of people associated with it.

Mr. Conte. Then, with educational revenue sharing, we should be able to expect a cut of 1,100 people.

Dr. Marland. Since Mr. Ottina said it is probably closer to 500, I would rather have that number appear on the record.

Mr. Conte. I think you will have good excuses as to why you cannot cut those 1,100 people. I know you will tell us they will be advisers and so forth. It is like spinning your wheels.

Dr. Marland. I call to your attention the fact that we are deliberately and consciously reducing the number of employees in OE.

Mr. Conte. You have done a good job. You have cut it down from 3,000 to 2,613.

If revenue sharing comes in, I do not expect you will drop those 570 people.

Mr. Miller. The personnel request in the budget assumes revenue sharing.

Mrs. Green. I wonder if you would think about expanding on that statement. How many State and local employees does the Federal Government require under our Federal programs? We see these charts where the numbered Federal employees are going down or the bar graph shows little increase—but employees at the local and State are going up. Because of the Federal programs, how many State and local employees must be hired and are paid for fully with Federal funds?

Dr. Marland. I welcome a chance to respond to that after a study. We have used that as one of the bases for arguing for revenue-sharing, that it is wasteful of talent at State and local levels just to handle paper, just as it is in the Office of Education. There are literally hundreds, I can assure you, of people in those positions who would be freed to do work of instruction rather than administration at this time. It would have to be an estimate, if I am to get it to you in reasonable time.

[The information follows:]

In fiscal year 1972, approximately 327,000 individuals worked on projects funded from the U.S. Office of Education appropriations, at levels other than the Federal level. A breakdown of this 327,000 figure between those who worked full-time on Federal projects and those who worked part-time is not available.

PRESSURE TO CONTINUE CATEGORICAL GRANTS

Mr. Conte. If we pass revenue-sharing, we in the Congress will be in a real buzzsaw. The moneys under educational revenue-sharing will be going out to communities to take the place of categorical grants. These communities will feel that the money is not enough, and they will be coming back to the Congress asking us to fund all these other programs. The pressure will be on us. We will be back pushing for categorical grants, and, at the same time, we will have revenue-sharing.

I believe that this pressure will be severe.

Dr. Marland. I share that concern. I hope that we can all move quickly enough to have a rational solution well before July 1.

Mr. Conte. I think the administration has moved very swiftly on this. I think it has been a bit of political genius—we, in the Congress, are faced with impounding, rescissons, and everythng else.

All these mayors who are meeting downtown tonight are very upset about what happened. In 6 months, the mayors, the school committees and everyone else will be up here on bended knees begging us to pass revenue-sharing.

Believe me, it was a bit of political genius. Even if we philosophically disagree with revenue sharing, the pressure will be so keen in June or July that it will be very difficult to say no.

When Mr. Michel asked you what will happen if the Congress does not pass revenue-sharing, you started to say we will have problems. However, you dropped it there. What will happen?

Dr. **Marland.** We went to lunch, and I hoped that was the end of it.

The real answer remains in the future, Mr. Conte and Mr. Michel. We are going to try very hard to persuade Congress to enact revenue sharing. We will remain on that track without deviation.

I think we all have to face the fact that we must fund the schools next year, and we hope Congress will support that position, and that we will be able to reconcile our differences.

There undoubtedly will be some give or take around that reconciliation. I hope we can do it so we can again return, as the chairman suggested this morning, to a timely basis for providing Federal resources to schools and colleges by July 1.

Mr. **Conte.** Thank you.

DELAY IN TRANSMITTING EDUCATION REVENUE SHARING LEGISLATION

Mr. **Michel.** You haven't got the proposal up here yet. It is March 6. We are meeting here. Until we get through the hearings with a bill on the floor and the Senate and all the routine, what are we going to do at the time of markup? From the personal point of view, I would like to get something done in the education field as we did a few years back, over and behind us, and the educational community knew what the score was.

Mr. **Flood.** That is why we are calling him instead of Brennan right now.

Mr. **Michel.** We are waiting for authorizing legislation. We have no alternative but to go the old route.

Mr. **Flood.** Hoping against hope, instead of bringing the Secretary of Labor in here as we usually do to begin with, we have brought you in ahead of Mr. Brennan, hoping against hope. Mr. Smith.

Mr. **Smith.** In further answer to Mr. Michel's question, when do you expect to have these proposals?

Dr. **Marland.** We expect to have it before the Congress within 10 days.

CONFUSION ABOUT EDUCATION REVENUE SHARING

Mr. **Smith.** I thing almost everybody around this table is in some sympathy with blocking together some of these programs in some way or another. We have seen them splintered up over the past 10 years into about as many pieces as possible.

On the other hand, I find people are confused about special revenue sharing; administration spokesmen are now telling local people that if we would pass special revenue sharing, that money could be used in place of the programs that already have been cut out of the budget. However, they are not being told they will get another round of cuts.

Dr. **Marland**. There would be freedom to use the special revenue sharing in a variety of ways to include restoring things that they want to sustain.

Let us take libraries, as mentioned by Mr. Natcher. Let us say the 1974 budget as now presented has no library support in it. The chief State school officer or Governor could say he would want to take some of the revenue sharing, either special or general, and sustain a part of the library program that used to be in the Federal category.

Mr. **Smith**. That would be a whole new round of cuts that will be equal to or exceed the special revenue sharing being requested.

Dr. **Marland**. No, sir; not that much. There will be some reductions in title II of the Elementary and Secondary Education Act, about $90 million, which will not appear as one of the offsets to create special revenue sharing.

But if a chief State school officer wanted to allocate some of his general moneys to sustain what used to be his title II ESA, he would be free to do it.

EDUCATION AND GENERAL REVENUE SHARING

Mr. **Smith**. Of course, in general revenue sharing, there wasn't 10 cents for education. What is happening is that money goes to States or certain subdivisions, but the program is being taken away from someone else.

Dr. **Marland**. The general revenue sharing does indeed allow for education in the State portion. A third of the $6 billion is allocable to States for anything they want to do with it, including education.

I think I mentioned this morning when you were not here, that already some 17 States have either acted or initiated legislation with their own general assemblies to authorize the use of the general revenue sharing for education purposes.

Mr. **Smith**. The educational subdivisions of the State do not get any money, it went to cities and counties?

Dr. **Marland**. In this case, under general revenue sharing the State puts into its general fund for elementary and secondary education, for example, any amount it wanted.

Mr. **Smith**. It can do that, but that has nothing to do with this.

Dr. **Marland**. It means the new Federal money, one-third of the $6 billion a year, is at the discretion of the State to use for education if it wants to. Many States are already doing that. Seventeen are doing it in one way or another.

Mr. **Smith**. Also, many States are using it to balance their budgets, and are letting the local people scramble for some more money to take the place of the program cut out. That is what is happening in Iowa. Every dime of it is used to balance the State budget, and none of it to help the local communities get the money to offset the money they have lost because the program has been cut out.

Dr. **Marland**. The theory of general revenue sharing was to say that the States could do what they wanted to, without putting any strings on it. The theory is working in the State of Iowa. It also is working in States that want the money for education.

Mr. **Smith**. We are building up a demand to reenact the programs on top of the revenue sharing.

Dr. **Marland**. That is what we call the other shoe dropping.

STUDENTS AIDED UNDER BOG PROGRAM

Mr. **Smith**. A minute ago, you said something about 300,000 students now getting grants, and it will go to one-half million.

Dr. **Marland**. I think you are quoting me correctly. I was using round figures. I will give you more precise figures.

Under the 1972–73 academic year, under supplemental opportunity grants, called EOG, 303,500. That is in the current academic year.

In 1973–74, under the proposal we are now offering for BOG, that 303,000 would go to 1,577,000 receiving Federal grants.

Mr. **Smith**. Is the major objective to see how many people can receive a little grant, or is it to see that we can give financial aid to the people who really need it? I do not see where that the number of recipients proves which program is the best.

What does that prove? It makes more eligible, perhaps including some of whom probably did not need it.

Dr. **Ottina**. The proposal for fiscal year 1974 which we were discussing is that the maximum grant is given to everybody who qualifies for it. That is called full funding. Anybody who is eligible for the maximum grant would receive it.

Mr. **Smith**. The fact that more people received a little grant does not prove that the program is good or bad.

Dr. **Marland**. They are not little grants, necessarily. They are up to $1,400, which would be higher than the average of the EOG grants. They would be reaching young people who we estimate, on the basis of our studies, have wanted to go to college and could not qualify for EOG grants in the past.

Mr. **Smith**. The point I am trying to make is that I thought our objective was to try to get money to people who need it in order to go to college, not to build statistics showing that more people are getting a little piece of the pie. I did not think that was our major objective.

Dr. **Marland**. It is not necessarily a smaller piece of the pie. That is the only part of your logic that I question.

If it were just that, it would be hanky-panky. We would not mean to do that. It would mean to extend grants as needed according to whatever formula Congress approves, that every person shall get a grant up to half the cost of his college expenses to the maximum of $1,400, and then he can have an opportunity for work-study and a loan on top of that.

I think what we are saying is that there were many youngsters who were not reached by our programs up until now, and we now can reach those youngsters, and we can also provide significantly higher resources to them than were available under EOG on the average grant.

INDEPENDENCE OF ASSISTANT SECRETARY FOR EDUCATION

Mr. **Smith**. The Assistant Secretary for Education will have 55 people. You indicated, and I fully agree, this should not be a new layer on top of everything else.

I know many people were afraid last fall that you did not have that view; that you were trying to build up a big bureau down there that would overshadow everything else.

But what about this? I thought this new assistant secretary was supposed to be a somewhat independent spokesman for the education community and be free to solicit and develop new ideas and promote changes in education. Is that right?

Dr. MARLAND. Yes; I think that is right. I would question your definition calling him independent, because he will, of course, report to the Secretary of HEW, and he will definitely be a part of the administration system for representing the executive branch.

To the extent he is expected to take initiative and come to Congress with new ideas, to lay out perhaps new Federal strategies to be considered by Congress and the administration, of ways to confront unsolved education problems in this country, of which there are a great many, yes. I think his scope of work does include that.

That is why, as I mentioned this morning in the little diagram I think you have, the lower right-hand corner where it speaks of the Deputy Assistant Secretary for Policy Development, Planning and Policy Analysis, that is where those ideas will emerge, and we hope to have the power and the intellect and the creativity to develop over time, with the help of people like John Ottina and Tom Glennan working as a part of this network, a much more orderly and systematic way of coming before you with national strategies.

That is exactly what the ASE is supposed to be doing.

Mr. SMITH. Do I understand you to say these 55 people will come from in-house?

Dr. MARLAND. The slots, as it happens, were taken from OE.

Mr. SMITH. But not the people?

Dr. MARLAND. Some of the people. I estimated this morning maybe half of the people, both professional and support people, would be coming from OE, and the other half would come from outside.

CLEARANCE OF TESTIMONY

Mr. SMITH. I was concerned when I looked at your statement. Take, for example, the paragraph Mr. Natcher read. That is obviously language that you did not draft yourself. It obviously was cleared down at the White House or over in OMB, or somewhere.

These political statements in your testimony kind of bothered me. I do not want you to become another cog of OMB or of the White House crowd. I think you ought to have some independence.

When you come up here with this kind of statement that obviously is drawn up and cleared down at the White House, it caused me to doubt that you have the necessary independence to carry out your mission.

Dr. MARLAND. Let me say, Mr. Smith, that we do have a system of sharing our testimony before presenting it, with other parts of the administration, but these figures I drew from the official budget, and they are in here.

They were intended largely to try to give the committee a sense of the pace and direction of fiscal change in the total scene surrounding education, as well as other parts of the human resources portion of the Government. They were meant, quite honestly, to call attention to something that seems not to have been called attention to very loudly, not only in Congress but in the country—that the resources going to HEW have been steadily increasing for the past several years.

Mr. SMITH. The same paragraph, with the same credit lines, has been in the statements of administration spokesmen for the last 3 years. It is not new. I am concerned about that. I just think you ought to have enough independence so you can get some people on board to come up with some new ideas, and you won't have to be clearing everything down at the White House.

Dr. MARLAND. I understand that.

I think I am mindful of your counsel. I try to live that way as a professional educator and say what I believe.

Mr. SMITH. That is all I have.

Mr. FLOOD. Mr. Patten.

JOBS AND COLLEGE STUDENTS

Mr. PATTEN. The President of Princeton told us last Friday morning if a fellow wants to pay his way matriculating in September at Princeton, he needs $5,500. That was a new high. I had not thought of it that way.

Haven't they changed the rules around here? Certainly, the local medical schools do not allow students to work for us running elevators and doing a lot of things as they used to 10 years ago. Have not the colleges frowned on this moonlighting, holding another job?

Dr. MARLAND. The students?

Mr. PATTEN. Yes.

Dr. MARLAND. Not as a normal policy. You may be mindful of something that I think is the policy, that some young people, notably young people who are just entering college, with very marginal credentials, should not be encouraged to take a job their first year, let us say, until they have gotten their feet on the ground.

A good college counselor or student aid officer will say, "You put off your work-study for 6 months or a year until we see how you are going. I will get you a basic grant to cover the first semester or the first year, and then we will see about work."

That would be done on an individual basis. There is no general policy to discourage people from working. I think the contrary is true. I think most college administrators feel good about work-study opportunities, and it has paid off both in the attitude and behavior of the student and in the usefulness to the institution.

Mr. PATTEN. I think of the interns we have had here in the office going to college. They all work. One fellow runs up to family furniture store every Friday night, Saturday, and Sunday, to put in time. The family feels he does a week's work there. He puts in long hours.

Dr. MARLAND. It is good for him.

Mr. PATTEN. As I listened to them, they all seemed to be earning their way.

Dr. MARLAND. At Princeton?

Mr. PATTEN. No. The five people I have in the office are going to college now. They all seem to be making a week's pay.

Dr. MARLAND. That is very good. You may be sure, at least as far as I am concerned and as far as I influence policy in Federal programs, we would encourage that and press for it.

EDUCATION RESEARCH

Mr. PATTEN. Always we had research.

As you become the "think factory," how do you feel about the research that we have done in 1965, 1966, and 1967? Do you think it was effective and worthwhile? Do you think we have accomplished anything? What have we to show for the millions we spent?

Dr. MARLAND. The short answer, Mr. Patten, is that the reason NIE came into place as a bipartisan initiative—both the administration and both sides of the Congress seemed to feel strongly about this—was precisely the problem that you raised—that many millions of dollars over the last 6 to 8 years had gone into education research, thinly spread, scattered across many objects of research, sometimes dealing with competent people as contractors, and sometimes, I am afraid, with incompetent people.

The net effect of it is pretty slim evidence as to the results deriving from that research.

That is why I could testify a year ago with considerable vigor as a school administrator that we needed to elevate the quality, the dignity, the prestige of educational research in the Government hierarchy.

That did, indeed, lead to the establishment of NIE, now headed by Dr. Glennan.

There has been educational research in the Office of Education operating at a level within that office that frankly did not have the civil service status, did not have the slots, did not have the prestige to attract able scholars to educational research in Government.

We are saying now, with the freedom which Congress has authorized for the Director of NIE, to include non-civil-service grades that he can employ up to about 25 percent of his professional staff, we can create a whole new scholarly body of people, not only in Washington, but stimulate them across the land under the influence of NIE to begin to produce research that will be validated and will be useful and will be targeted on large needs to be determined by the National Council on Educational Research.

To answer your question about dissemination, this, too, is one of the functions that NIE will have, but the dissemination will not be limited to NIE. This is where there will be a lively linkage between NIE and OE, so if we suddenly get clues as to what will help the youngster learn to read or to find a better way to produce a young person to enter the world of work at age 18, on the run and ready to go, whatever the research may be, the dissemination of this through our network of State and local school systems will be far more systematic than it is now.

It gets back to the point I was making, I think to Mr. Michel, when he said what will you do if you have lots of people who are no longer needed in the Office of Education because of revenue sharing? I say these people are needed in the delivery system to go out and implant the products of research and help schools put them to work, rather than wait the 10 or 15 or 20 years which research shows it takes a new and good educational idea to get into the classroom.

CUTS IN FEDERAL PROGRAMS

Mr. PATTEN. I do not want to repeat what Bill Natcher said or what Brother Smith said, but I know that you show a chart cutting $1 billion from Federal programs.

I will limit myself to one instance—two young men who are college graduates and are fellows in biomedical research at Rutgers University, are finished with this budget.

These two men tell me they are finished with their college education as a result of our budget changes. They are from working families in my city, that do not have incomes above $8,000 or $9,000 a year.

I have reason to believe they are two young men of promise. In our biomedical research, for instance, these two positions, I think, are finished as a result of what we are doing.

Dr. MARLAND. Mr. Patten, as you know, you are in the health part of HEW on these, rather than education. The Secretary will be here tomorrow. I am sure he would welcome your counsel, and it may be Charles Miller wants to comment on it now.

Mr. MILLER. I will leave it at that.

Dr. MARLAND. All of the medical and nursing come under the health authorities.

Mr. PATTEN. Under education, the cuts are double, $904 million, according to your chart.

Dr. MARLAND. That does not account for the add-ons. These are things that are reduced. You have to recognize the things that are increased. We have an offset.

Mr. PATTEN. Medicare.

Dr. MARLAND. No. In education. The $904 million decreases are offset by a corresponding number of increases, so we have about a net wash in the education budget between 1973 and 1974.

Mr. PATTEN. Nothing further. Thank you.

Mr. FLOOD. Mr. Obey.

TAX CREDITS FOR NONPUBLIC SCHOOLS

Mr. OBEY. Thank you, Mr. Chairman.

Doctor, I am new on this committee, and frankly I do not know very much about you. I am puzzled by a few things. One of them is your statement here today, if I heard you right, on tax credits for parochial schools, for nonpublic schools. You gave what I thought was at least tentative statements in support of that idea.

Dr. MARLAND. I reported to you the position of the administration, Mr. Obey; namely, that the President has declared the position of the administration to be that nonpublic schools in many cases are endangered economically and that he has committed himself to help to find solutions on that.

In reporting that position, I indicated that the Treasury Department, quite apart from HEW, is managing the affairs of administering a proposal through legislation for tax credit for the parents of such children in the nonpublic schools.

Mr. OBEY. Last year, in the hearings before this committee, you said:

> As I said on a number of occasions, I oppose the use of Federal tax credits to support nonpublic schools and my reasons are very simple. I am fearful that the use of such tax credits might strike a mortal blow to the American public school system.

I would be curious to know what your personal feeling is on that question. Have you changed your mind or not?

Dr. MARLAND. In reporting to you today the administration's position, I obviously support that position or I shouldn't be here.

The statement which I made a year ago was made before the administration had taken a position on the subject. I have had my opportunity to debate the subject within the administration. My own private feelings are inconsequential. My official position is that of the administration.

Mr. OBEY. I don't agree that your private feelings are inconsequential. You said a moment ago you try to say what you believe. I am curious to know what you believe, personally.

Mr. MARLAND. I say them in places where I can attempt to influence administration policy. I would say, without I hope being immodest, that over the last couple of years I have been able to influence administration policy in the directions of my own personal and professional persuasions.

Mr. OBEY. I don't say that to put you on the spot. I recognize you are probably in a difficult position. I don't say it having any special antipathy toward the idea. In fact I was educated in a parochial school.

But given the present context of the budget situation we find ourselves in, I have some worries about our ability to take that route at a time when we are in effect trimming our sails as far as public education is concerned. In light of your statement last year, I was a little bit surprised to hear what I heard today.

Dr. MARLAND. I can only say again that I made that statement before there was an administration position on the subject.

EFFECTIVENESS OF TITLE I, ESEA

Mr. OBEY. How about title I, ESEA? You gave what was, I thought, less than an enthusiastic description of the effectiveness of that program. You indicated that in some cases it merely supports more of the same. But again, last year, you stated: "First of all, let me state without question, title I, ESEA, has had a positive effect on the lives of more American children than any other educational program mounted with State and Federal funds."

Then you went on in what I thought was an excellent and interesting statement. You wound up by saying: "How do I personally feel? I feel that title I has been effective and is demonstrating its effectiveness in more places each year."

How do you account for the change at least in tone?

Dr. MARLAND. I think it's only a matter of degree. You will recall in my earlier testimony today I said that I have been for some time defending title I and attempting to make a case for it and that it has done a great number of good things, both in the attitudes of teachers, in the attitudes of parents and in the attitudes of many children.

I still feel that is true. There are children being fed breakfast today in the United States that weren't fed breakfast 2 or 3 or 5 years ago. This is bound to have at least a long-term beneficial effect.

I would go on to say that there are many other things in the affective domain, that is attitudinal, that can be said in support of title I.

My concluding remark was to say that it didn't need necessarily to fall in the traditional context of title I as a categorical grant program.

DIFFICULTY IN MEASURING TITLE I RESULTS

Mr. Obey. If I can interrupt, this is what I was worried about because, although you have indicated that you have been defending title I for some time, I didn't think it was an especially strong defense this morning.

You said something like this. These are probably not your exact words, but you said that measurable conditions do not make a strong case to show that the title I programs have made a strong difference. I thought the important word in that sentence was "measurable" because it is, as you know, extremely difficult to measure how much improvement you have had.

Dr. Marland. It is. I am mindful of your observation about measurable and I am mindful that I want to be consistent in the things I say to this committee. And I am trying to be.

I don't want to see the purpose and the intent of title I removed. I don't want to see the historic thrust that started in this Congress in 1965, part of which I have to say was a product of a task force under John Gardner, on which I served, that helped to create title I and that resulted in ESEA; I don't want to see its purpose defeated.

I was leading to the point at the time you were quoting my testimony of saying that I think it has run its course as a categorical program. We have learned a lot from it. It is time now to collapse it into the revenue sharing context, but sustain the purpose of title I called "Education of the Disadvantaged" in a freer and less federally-dominated role at the State and local level.

Let me add one more point. I say now, as I said a year ago, that there are sufficient bits of evidence coming to us—and they will come to us more swiftly with NIE in place—that shows things which are beginning to work. Last year I think I cited some examples from California. This year I could cite a dozen other examples.

When you talk about the 8 million children being reached by title I, and the $8 billion that have gone into it—and I still say the measurable impact on the national profile is still disappointing—by no means do I suggest we give up the purposes of title I. I say sustain them but sustain them more vigorously.

Indeed, it may well be that we will come before you and before the substantive committee to say under the conditions of general revenue sharing let us target these moneys more sharply than we have so far. So that instead of spreading them thinly at $150 per child or roughly 10 percent or 15 percent of the per pupil cost, it may well be that we will come back and say let us do it at $300 per child at 30 percent of the pupil cost if we are going to make a difference.

TARGETING FUNDS TOWARD DISADVANTAGED

Mr. Obey. That leads me to my question. I served 7 years in the Wisconsin Legislature before I came out here. I can recall our first legislative attempts to provide aid for the educationally disadvantaged in Wisconsin. I think Wisconsin is generally regarded as a fairly progressive State, fairly liberal if you can use those terms.

Dr. Marland. And a good State.

Mr. **Obey.** It's a very high tax State. To be very blunt, we had a hell of a time getting that legislature to provide even $5 million for money that was specifically targeted to ghetto schools, for instance.

I don't come from Milwaukee, but I am wondering whether the result of tying these things into the kind of operation you are talking about will in fact lead to a greater targeting or whether it will lead in fact to a greater washout of the program?

Dr. **Marland.** I am mindful of what you are saying. I think probably Wisconsin, for all of its good education reputation and its liberal character as at least I view it as a friendly neighbor, would be to say that you are typical of many States and that because of the patterns of behavior in the State Legislatures that the needs of large cities are not being recognized in legislating at the State level as deeply as they should. For that very reason, we will probably come before you with a bill that asks the Congress to put those parts of revenue sharing which are aimed for the disadvantaged child right through the State and to the local district without State control.

ADMINISTERING EDUCATION REVENUE SHARING

Mr. **Obey.** That may meet the needs of some States. I don't know whether that would be most helpful in Wisconsin's case. In fact, I rather doubt it. Frankly, I would have more confidence in the State department public instruction in Wisconsin than I would in some of the local schools which would have to administer that kind of a program.

Dr. **Marland.** Then your alternative, if we follow that model, is to say then somehow the Feds are even more wise in the way they can do this than the State or local.

Mr. **Obey.** I don't say they are more wise. I think it is easier to have local groups which are especially interested in and aware of those kinds of problems bring a special type of pressure, so to speak, to bear out here that it is really not possible to bring to bear on the local level. I think sometimes the way issues are handled, you can be a little less emotional than they are, say, on a school board or city council meeting. I am just wondering what kind of protections you can build in that will last if you switch to revenue sharing.

Dr. **Marland.** We will put before you a bill at least at this stage that tries to take account of some of those problems you raised. I think we should view it as a bill in which the kinds of concerns which you expressed will undoubtedly be in the hands of the substantive committees as they examine this bill and that there will be ways to sharpen and tighten the message of special revenue sharing in such a way as to meet some of those concerns as we have our give and take around it.

I think you will find the administration quite open to that, providing we sustain the underlying principle of grants consolidation.

Mr. **Obey.** How long do you think that will take?

Dr. **Marland.** To get the bill before you?

Mr. **Obey.** Yes.

Dr. **Marland.** 10 days to 2 weeks. Then I would hope that we could come to agree very quickly in the substantive committees and have a bill that the Appropriations Committees could do with what they want to do with it following that action.

RESTRUCTURING THE FEDERAL ROLE

Mr. **Obey**. On page 6 of your statement you say something about "placing greater responsibility for meeting educational needs at the State and local levels where the problems actually are."

Then you go on to say: "Such a restructuring of the Federal role should lay the basis for more effective and equitable Federal aid to education in the future."

Dr. **Marland**. I might say that is the kind of a statement which I very carefully put in there. As Mr. Smith said, some other people review testimony of this kind before it comes before you. That was very consciously put there to make the case, Mr. Obey, that we do have a future.

FEDERAL SUPPORT FOR EDUCATION

Mr. **Obey**. That is what I would like to ask you about. This budget, as Mr. Natcher has indicated, is really a very stringent budget, at least in my viewpoint, in comparison to the Defense budget this year.

Last year you said, if I could quote in part again: "If our claim to equal educational opportunity for all Americans is to have real meaning and the equality of a child's education is not to be the chance result of whether he happens to live in a poor or wealthy district or State, then a major reform to eliminate those inequities must be carried out."

You went on to say that your expectation was that the Federal share of the total national expenditure for elementary and secondary education would rise to about 25 percent or 30 percent from its present level of 6 percent or 7 percent.

You also indicated that you expected increases in Federal support for higher education to be much slower than those in the elementary and secondary education areas.

I have two observations on that. First of all, I have not seen anything come down yet which would in fact make that statement a reality, you see, in terms of equalizing tax effort between communities for educational purposes.

Dr. **Marland**. No, sir.

Mr. **Obey**. Second, as I look at your budget, one area in education which has not been treated too badly in terms of overall dollar amount is higher education, which seems to be a reverse of what you indicated would take place last year.

Dr. **Marland**. Let me answer the second part of your question first. I was dealing in the context of testimony last year in which we were urging the emplacement of new legislation supporting postsecondary education. Our efforts for the last 4 years, indeed, in the substantive committees have been to make major changes to support higher education. It was in that context that I said I expect and hope that I will be coming back to you soon and over the next few years with major efforts to increase our support for elementary and secondary education.

We are now in this second year, if you will, as the second time we are now back to you having accomplished a great deal of higher education legislation in the past 4 years. I think it is now time to turn our attention to elementary and secondary education.

You may not have been here this morning, Mr. Obey, when I did respond to the chairman's questions concerning what we are doing about elementary and secondary education. I will recite that quickly.

SCHOOL FINANCE

There have been three major efforts in the administration in the past year to try to come to grips with what should be the Federal position toward elementary and secondary education. I held a year ago, and I hold now, that I intend to do everything I can within that administration to press for a level that will be in the neighborhood of 25 percent or 30 percent of the total cost of elementary and secondary education. I am very happy to have that on the record, not matter who reads it, and I will continue to say that because I believe it.

But we have to have a rational basis for finding what their Federal role will be there. Will it be general support? Will it be incentive support? Will it be more categorical support? Will it have to do with Federal initiatives like the disadvantaged, like desegregation? Will it be money on the stump with no restrictions? Will it be in the way of displacing the local property tax, which has been found by many to be inequitable and possibly illegal as a basis for school support?

These are all questions that I yet cannot answer, nor is there an answer to them. The three studies that I mentioned have addressed them from various angles. One was the White House Commission on School Finance which found that States should carry the principal responsibility and offered very modest suggestions for a Federal intervention.

One was the ACIR study, the Advisory Council on Inter-Governmental Relations, including many Congressmen, Governors, mayors, and State representatives. They, too, found that there appeared not to be a legitimate large new Federal role.

The task force which the President asked Secretary Richardson and me to establish has prepared its report. It is now before the executive branch in its various parts. The executive branch has taken no position on any of these reports yet. I doubt that it can in terms of this coming budget year, 1974.

PROPERTY TAXES APPLIED TO EDUCATION

Mr. Obey. Can I ask why from your own standpoint? Again I refer to your testimony of last year. You said:

> The President later in the year would be making his final recommendations both for relieving the burden of property taxes and for providing fair and adequate financing of our children's education.

Dr. Marland. At that time we had reason to believe that the President would, by January of 1973, have taken a position on this in time for the budget message. I have to admit that the administration has not yet found a way to do this and still live with the overarching commitments of the administration to halt inflation and to halt the national debt.

Mr. Obey. Just a second. This has nothing to do with halting inflation. There are ways of providing Federal assistance to replace some of what is being spent on the State and local level.

Let me give you one example. That is why I bring it up. One community in Wisconsin, and it's far from the richest, has a property tax rate for educational purposes of about $18.84 per thousand. I have another community in my district, far from the poorest, which has a tax rate of $34.43 per thousand. Yet the first district which I mentioned raises with half the tax rate twice the dollars per student, $1,445 versus $772.

My point is that those communities which are able to support their own education at a very low level are in desperate need of both State and Federal action. I would think that it's going to be difficult to prod the States into moving in that direction unless there is some Federal assistance and direction which will encourage them to do so. I just don't understand why the long wait after your testimony of last year.

Dr. Marland. The long wait is not a product of my own lack of enthusiasm.

VIEWS ON EDUCATION BUDGET

Mr. Obey. I understand. Are you satisfied with this budget, given the expectations which you indicated last year?

Dr. Marland. No, sir; by no means. By no means. I am here to explain it as well as I can to this committee and to express to you my continuing expectations to work hard to increase the Federal share of education.

The very illustrations you have cited are those that have become litigated under Rodriguez and other cases. Several States now have such litigation in place. We are clearly going to have to face that issue.

The degree to which the Federal Government will be forced into this, perhaps sooner than later, will depend a good bit I think on the findings of the Supreme Court when they address Rodriguez later this year.

We do have plans. We do have alternatives now before the administration to be weighed as to a variety of options in which we can take positions to bring before you at some time in the future a Federal position on the subject.

Mr. Obey. Do you have any indication when that will be?

Dr. Marland. No, sir. I wish I could give you one. I wish I had one.

Mr. Obey. How soon do you think we have to have it? How soon will we have to have it if you get an adverse decision in one of those court cases?

Dr. Marland. If we have a Supreme Court decision in May, I believe we would have to have a Federal position and motion for consideration for adoption in fiscal 1975, a year from now.

Mr. Obey. That is all, Mr. Chairman. Thank you.

Mr. Flood. Mr. Robinson?

REACTIONS TOWARD EDUCATION REVENUE SHARING

Mr. Robinson. Thank you very much, Mr. Chairman.

The statement has been made many times that this question of revenue-sharing proposal on which you lean so heavily in terms of your testimony offered is in substantial doubt here in the Congress. I think that we all subscribe to this feeling that it is a very delicate proposition.

I must say that I personally find more to sell it in terms of your program than I do in some of the other areas where revenue sharing has been proposed.

I think I know how the institutions of higher learning, which I represent, feel about the subject. But I wonder what you are hearing from the State directors of education, commissioners of education, et cetera, the people down the line who are going to be responsible for the elementary and secondary phases of this program feel?

Dr. MARLAND. As you know, the educational revenue sharing is not meant to address higher education. There is no real issue there.

Mr. ROBINSON. There is an issue in terms of the change in funding concept. That is what I was referring to, not the revenue sharing. There is a change in shifting to the students' concept?

Dr. MARLAND. Right. Turning to revenue sharing as it is viewed by the school administrators, boards of education and leaders generally across the land, as anything like this, you would guess I suppose, that feelings are mixed.

The general climate is more affirmative than negative. The chief State school officers a year ago in St. Louis, responding to an address I gave, unanimously endorsed in principle the concept of revenue sharing. They endorse the consolidation of categorical grants. Those are your commissioners of education, all of them. The Big Six, as we call the major national education organization, gave their endorsement to grants consolidation at a recent meeting, on January 9, here in Washington. I would like to submit for the record, Mr. Chairman, a copy of their proposals which include that specific endorsement.

[The information follows:]

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PROPOSALS ON EDUCATION LEGISLATION
BY
LEGISLATIVE CONFERENCE OF NATIONAL ORGANIZATIONS (BIG SIX)

January 9, 1973

By Way of Explanation . . .

The Legislative Conference of National Organizations, representing the following groups:

American Association of School Administrators
Council of Chief State School Officers
National Association of State Boards of Education
National Congress of Parents and Teachers
National Education Association
National School Boards Association

is a natural outgrowth of The Workshop of Educational Organizations, a demonstration of the possibilities of cooperative effort in the field of public education by major national organizations primarily interested in the public schools.

The federal government is part of the problem for state and local governments seeking solutions to critical issues in school finance. Federal appropriations for education for 1972-73 have not yet been made--and the school year is half over. The federally aided programs are operating under a "continuing resolution" of the Congress. The level of funding for the total school year is uncertain, and the orderly delivery of educational services is greatly impaired.

State and local educational agencies which are responsible for administering federal programs, such as ESEA, do not yet know how much money they will have to operate with this year. Should they miscalculate and overspend, the programs would have to be terminated early or the deficit be made up from scarce state and local education funds.

Moreover, the Administration's threat of impoundment of appropriated funds has delayed the distribution of Federal funds. The unpredictable flow of funds mocks accountability. Lost lead time for planning, staffing, and operation of the programs is an obstacle to productivity and, more important, deprives students of the essential educational services.

The education outlook for the 1973-74 school year for students is indeed bleak. The Administration's comments on the next fiscal year indicate substantial cuts in requested appropriations for disadvantaged children, for vocational programs, for assistance to impacted areas, for innovative programs, for improvement of state administration of programs, and other vital areas. Yet it is noted that recent Harris and Gallop surveys disclosed that a majority of the public is in favor of increased federal aid to education.

The Administration espouses state and local control of education while increasing guidelines and regulations for Federal programs. The attention of Congress and the Administration is directed to the proliferation of state and local advisory committees and administrative groups mandated by legislation authorizing federal programs. Such legislation establishes machinery which duplicates constitutional and statutory educational agencies already existing at state and local levels. This kind of interference with the states' internal management of educational affairs is a dangerous trend.

We oppose any program which diverts funds from public to non-public schools.

In sum, the Federal government's current attitude toward public education is, at the least, not conducive to adequate funding for education or to efficient expenditure of those monies which the Federal government does provide. More important, it is a barrier to the orderly delivery of educational services, and shortchanges the schoolchildren the taxpayers.

We commend the Congress for twice passing the 1972-73 appropriations bill which was twice vetoed. In order to make Federal aid more effective, however, the Legislative Conference of National Organizations (Big Six) urges the Administration to support and the Congress to enact:

- the 1972-73 education appropriation immediately at levels which will adequately fund existing programs;
- before July 1973, an adequate education appropriation for 1973-74 separate from the total Labor-HEW budget;
- legislation extending current major Federal education programs so that funding for 1974-75 can be enacted prior to July 1974;
- legislation to enable State and local educational agencies to develop procedures to improve education for all children without being stifled by excessive Federal regulations.

For the long range Federal role in financing education we urge the Administration and Congress to develop:

- programs to increase the Federal share for elementary and secondary education to at least one-third of total educational costs by reordering national priorities and tapping new sources of revenue;
- a mechanism for funding education programs on a multi-year basis through advance funding to assure accountability and effective use of Federal monies.

Although some special educational aid programs may always be needed to further the national interest in education, we urge that the Administration and Congress explore alternatives, including general support and grant consolidation, to the present multiplicity of categorical programs.

SUMMARY OF POSITIONS OF EDUCATION GROUPS ON GRANT CONSOLIDATION/REVENUE SHARING

The following organizations have taken explicit positions on this issue:

"The Council of Chief State School Officers actively seeks changes in legislation and rules and regulations which would provide increased flexibility, program consolidation, and single application for categorical programs." - CCSSO Resolution, November 15, 1972

"Although some special educational aid programs may always be needed to further the national interest in education, we urge that the Administration and Congress explore alternatives, including general support and grant consolidation, to the present multiplicity of categorical programs." - Statement by Legislative Conference of National Organizations (Big Six), January 9, 1973

"The Association supports the U.S. Office of Education in its efforts. . . to coordinate and consolidate federal education programs." - American Association of School Administrators Resolution, February 1970

"We urge that present categorical aid programs be consolidated into a coherent whole to avoid duplication of effort." - AASA Resolution, February 1971

". . . AASA urges the consolidation and simplification of existing federal grant structures but opposes the use of any delivery system as a means of lowering federal funding levels." - AASA Resolution, February 1973

". . . The Education Commission of the States has long supported the concept of grant consolidation as a principle to guide the reform of Federal financial assistance to education; and Whereas present funding and categorical limitations on federal assistance contribute to continuing and fiscal crises for state and local governments; Now Therefore Be It. . . Resolved that the Education Commission of the States urges the Congress of the United States to assist the states in meeting their necessary program and fiscal responsibilities for education through an equitable form of shared federal revenues." - ECS Resolution, July 9, 1971

"The National Association of State Boards of Education supports enabling legislation for packaging of categorical grants, pursuant to state plans, for more effective use of such funds, providing that criteria governing individual federal programs be retained." - NASBE Resolution, October 18, 1972

"The National School Boards Association supports the consolidation of existing federal categorical aid block grant programs other than Public Law 815 and Public Law 874, early childhood and adult continuing education funds. Such consolidations may simplify the administration of all such funds. The implementing of this concept should also allow some flexibility on the use of funds among the several categories in order to permit the most effective utilization of the money." - NSBA Resolution, May 1972

Even there, having endorsed the concept, there are some uneasy conditions where the chief State school office will say, "Yes, but I like the idea of it, it saves me a lot of manpower. It gives me more sense of control of Federal resources. But, for example, I think you have dropped title V of the Elementary and Secondary Education Act which helped me support some of my staff." My response to that, Mr. Robinson, is, "Well, chief, you now have a considerable greater freedom to use the funds that are coming to you from the Federal resources, including general revenue sharing, and you can make your own choices about how you want to use this, including sustaining the central State staff."

That is an answer. That doesn't necessarily satisfy them because they like to feel that they have certain moneys earmarked for their own staff so that they can be assured of that. These are specific quarrels, if you will, with the concept here and there.

The short answer to your question is that, while there are mixed feelings, there are generally supportive feelings toward this, especially among boards of education. The State associations, the National Association of State Boards of Education and the National Association of State Boards, generally support revenue sharing quite warmly.

SUPPORT FROM EDUCATIONAL GROUPS

Mr. ROBINSON. Let me put the question this way. Are there any significant educational groups that do not support it, that have specifically opposed it, to your knowledge?

Dr. MARLAND. I do not think so. But NEA has reserved taking a position until they see the legislation. They have not taken a position. They could well oppose it because, as many people, they may view it mistakenly as a money bill rather than a delivery system. I keep trying to convey that message, that it is not a money bill, that it's a system of simplifying the grants process, if we can only get that idea across and let Congress appropriate the moneys. It's open. In other words, I think our legislation will say, "Funds as required" with no dollar sum on it. This committee and others will determine those amounts under revenue sharing. Revenue sharing is simply the system, not the dollar.

EDUCATION FUNDING IN GENERAL REVENUE SHARING

Mr. ROBINSON. We have a certain resistance to that particular language, at least I do.

The comment was made this morning that a certain proportion of general revenue-sharing money had already been dedicated to education.

Dr. MARLAND. That is correct.

Mr. ROBINSON. Do you have those figures on a State-by-State basis?

Mr. MARLAND. We can get them to you. I didn't bring them with me, I am sorry to say. But I can give you the names of the States that are now advancing legislation to support that and I can give you the names of at least five States that have already acted on it.

Mr. ROBINSON. My own State is one that has acted. I would like to know how it compares with others.

Dr. MARLAND. I will give you a report on that.

[The information follows:]

STATE'S USE OF GENERAL REVENUE-SHARING FUNDS FOR EDUCATION

As of the end of last January, Governors in 12 States were urging that all or a significant share of their State's Federal revenue-sharing funds be dedicated to aid public education. The Governors of Oregon, Utah, Nevada, California, and North Dakota, have recommended that the total State allocation go directly to education programs or that it be split between direct aid and indirect aid through property tax relief. The Governors of Georgia, Montana, New Jersey, Washington, Ohio, and Virginia, have asked their legislatures to appropriate at least a part of these shared revenues directly to the schools.

Mr. **Flood**. By report, you mean for the the record?

Dr. **Marland**. For the record.

IMPACT AID

Mr. **Robinson**. With respect to impacted aid, it's not a big issue in my district because I don't have that kind of a district. I do have one specific area, one county where 30 percent of the children in public school are available for impact aid because most of them come from the Quantico Marine Reservation. I need to be able to tell these people something about what their fate is going to be. Incidentally, they are B category children. They are not A category.

What other studies are being made along lines of doing something for these communities? Is there work underway that is going to give us some guidance and assistance? I agree that the concept has to be changed. But we are going to have to be able to help these counties that are in this situation some other way.

I subscribe completely to what Mrs. Green had to say. Perhaps you weren't here to hear her say it yesterday—if we could call revenue-sharing impact aid, which is exactly what it is going to be in a much broader context, you would have a lot more salable program.

Are studies underway in this regard to try to help these communities?

Dr. **Marland**. I would not want to dignify what we are doing by calling them studies, I don't think, Mr. Robinson. I would say, as we face the problem of no funds requested for category B, that we do know that there is going to be a serious problem in a number of communities. The degree to which we are studying this, of course, is to receive action reports from school administrators in those communities. There have been substantial studies made before this year. The Battelle Foundation, at the request of Congress and the administration jointly, conducted a major study. But it has not served to offer solutions to communities like Quantico. It simply denounced the process as a bad one and shows why it was a bad one, and itemized the inequities in the system. But it did not say what a community like yours should do.

I will draw you a parallel. Take the communities surrounding Cape Canaveral in Florida, which is now not only the people living off the military establishment or Government establishment but the establishment is closed, they have been depending on significant type B moneys to operate those school systems.

The truth of it is that the taxpaying resident who lives in Quantico is just like you or me living in Washington, D.C., or McLean or Prince Georges County, where we pay taxes, we support our schools, and regardless of where we live that money theoretically should generate school tuition for the children of those communities.

The fact that we had a bad law to start with in my judgment is now coming home to roost. Communities that haven't charged enough taxes on the taxpaying citizens because they happen to have the advantage of type B income are now going to have to face that problem.

Mr. ROBINSON. I want to make certain that the record includes mention that this is not one of those rich counties that simply gets richer as a consequence of the impact aid money. Stafford County, which is the county to which I refer, has not one single significant industry in the whole county. They have no tax base. When you take the Government land out of the county, it has even less. That is the problem they face. And there are others that are in the same situation. They present a most difficult situation, I think.

MEETING SCHEDULE OF FEDERAL INTERAGENCY COMMITTEE ON EDUCATION

One other matter that I would like to bring up has to do with your mention of this Federal interagency committee in which your office participates. How frequently does that body get together?

Dr. MARLAND. The principal officers represent 28 branches of Government and meet monthly on a quite thoroughly disciplined schedule and a general day. They have subcommittees and task forces that are probably at work typically two or three times a week on common problems.

For example, here is a common problem to show you how they operate, an issue that engages many people. Let's take the issue of stipends for graduate students. The Department of Defense supports graduate students, the National Science Foundation does. NASA does. The National Institutes of Health do, so does Mental Health, and so on. They were all paying dividends of stipends to graduate students, ranging from $3,000 to $11,000 without any particular consistency.

FICE knocks heads together in a friendly way and says let's have a uniform system here because these are all the similar kinds of people we are dealing with, doing the same kinds of things and we have the same kinds of constraints on our budget. A task force would have worked on that made up of the different agencies and come out with a recommendation. We can only recommend. We don't have authority to enforce. They take that system back to their chief executives and get an agreement and we submit a proposition to OMB that says we recommend that now all stipends be authorized through all budgets at the same level. I think we came up with $4,500. That is a typical action that we take.

We do meet regularly and our task forces and committees meet even more regularly.

SELECTION OF STUDY AREAS

Mr. ROBINSON. Who has the privilege of suggesting to you areas of study that would be reasonable?

Dr. MARLAND. Anybody. I happen to be Chairman by terms of the Executive order. The Executive order says the Assistant Secretary shall be Chairman. Whenever I get anybody who wants to submit an agenda item I listen attentively. If you have one, I would be pleased to receive it.

Mr. Robinson. One final question. I was intrigued by your mention of the Minnesota institution that was created out of thin air and the way that you did it. What is it named?

Dr. Marland. It's called the Minnesota Metropolitan College. The youngest student is 13 years old and the oldest is 73.

Mr. Flood. Mrs. Green?

Mrs. Green. Thank you, Mr. Chairman. The hour is getting late. The first few questions I think can be short questions. I hope they are short answers so I won't impose on our colleagues too long. And then a couple of questions I would like to go into in some detail.

PERSONNEL IN REGIONAL OFFICES

Does this sheet reflect the personnel that are in the regional offices?

Dr. Marland. It reflects them in OE, Mrs. Green, because that is the only part of this chart that would have regional representation.

Mrs. Green. It reflects all the regional personnel?

Dr. Marland. The 3,047 people authorized for 1973 do include about 700 in the regions.

CONSULTANTS

Mrs. Green. You mentioned specifically this morning in answer to a question that $80,000 would be for other than permanent employees. As I understood you, you mentioned that in one office. Does this sheet reflect the number of consultants and the number of people who would be paid with Federal funds who are under contract to another group?

Dr. Marland. No, ma'am. The $80,000 that I reported upon related to an authority in the Office of the Assistant Secretary for him to draw upon for consultant service.

Mrs. Green. For the record, would you supply the total number of consultants and people who will be paid entirely with Federal funds who will be working under contracts?

Dr. Marland. We could do it for any given period of time historically. There would be no way of predicting what that would be in the course of a year. There would be a lump sum authorized under salaries and expenses.

Mrs. Green. Then could you do it for the last 2 years?

Dr. Marland. The total number of individuals, yes.

[The information follows:]

The records of the Office of Education indicate that the following numbers of people work for the Office of Education on a part-time basis as consultants or under contract:

	Fiscal year 1972	Fiscal year 1973 through Mar. 31, 1973
Consultants	69	39
Contract employees	146	193

HIRING BY CONTRACT

Mrs. Green. Let me give you an example of what I have in mind. A few years ago the Director of Upward Bound testified that they were administering that program with only three people. Then we took a look at it a couple of days later and found out they had contracted out the administration of Upward Bound and the contractor was paying 40 or 42 people—with Federal dollars. It seems to me that one must have the total number of people who are being paid through contracts and as consultants or this becomes meaningless.

Dr. **Marland.** One illustration of what you have just cited as a feature, Mrs. Green, of this kind of message will come to you in the course of the next year, particularly through our basic opportunity grant system, which is a vast system that will require computerized activities and will necessarily be contracted out. There will be people there hired undoubtedly under our contract to view with the computer the eligibility of many young people, millions of them possibly.

Mrs. **Green.** I was interested that you chose that as an example. I hope your prediction never comes true.

STUDY OF POSTSECONDARY EDUCATION

Dr. Marland, I am advised that the amount of money appropriated for the study of postsecondary education is $3 million. May I ask why?

Dr. **Marland.** It's $1½ million, Mrs. Green. I am not positive of that, but that is my recollection.

Mrs. **Green.** Whether it's $1½ million or $3 million, why did the administration decide that this was one of the items that should be funded and you are asking for rescissions in others and there have been impoundments when, as you know, there have been studies ad nauseum on the financing of postsecondary education, such as the Cheit study, the Jellina study, the Carnegie Commission study. I am told that CED has been making a very, very extensive study and is about to release their report. The Lilly Foundation has just financed a similar study at $107,000. Why was this additional study one of the items the administration felt had high priority?

Dr. **Marland.** I think that part of the incentive here to keep this in—I am sure it was part of my own belief—was that there had been a great number of studies and that this is viewed as an effort to synthesize these. I could add to the list you have already cited several others, including the 11 or 12 pieces that have come from the Carnegie Commission.

Mrs. **Green.** Do you think it will have that result? Or do you think we will have one additional study, that later we will have to also study to decide whether its data correlates to the data in the others?

Dr. **Marland.** To the extent that I can influence the behavior of that Commission—and I have endeavored to by meeting with the chairman and the director and by having an ex officio member from my office with it—it has been strictly to synthesize and not mount new studies and to come up with a Federal position that Congress and the administration can examine. A good number of the studies that we now have from all parts of our scholarly community are not consistent with each other. Maybe I can add to that.

Mrs. **Green.** Will you expand on that for the record?

Dr. **Marland.** Yes, ma'am.

[The information follows:]

The Commission on Postsecondary Finance was, as you know, a congressional rather than an administrative initiative. During the extensive deliberations leading to the Education Amendments Act of 1972, Congress was provided with diverse and often confusing assessments from many interested parties outside government about how much and what kind of Federal support should be given to postsecondary institutions. The debate over whether the Federal Government should undertake a new general support role, and what formula was most appropriate to carry out this role, was a particularly divisive issue. Congress, therefore, in creating the Commission as a bipartisan group including members of the executive and congressional branches seemed to be saying that these and related issues should be further deliberated and processed in a relatively neutral forum.

The administration welcomed this initiative. We took the position all along—particularly on the question of a new general support role—that all interested parties needed to look more carefully at the implications of new courses of Federal action. We believe, as did the congressional authors of the legislation creating the Commission, that while some new data might be needed in selected areas, the overriding need is to sort out the broad policy issues, such as the relative roles of the Federal and State governments in the support of postsecondary education, in a way that all of us can make more intelligent choices. Thus, we funded the Commission both because of our respect for congressional needs in this area, as well as our own appreciation of the contribution which the Commission might make to improve policymaking.

SECTION 1202 STATE COMMISSION

Mrs. Green. You do not recommend any money for the commission the chairman questioned you on this morning. You said that you interpreted the requirement under section 1202 as optional, and that you are not requesting any funds for title X.

What will the situation be if the legislative branch of the Congress, in its wisdom, decides to add some funds for title X and the Senate agrees and it becomes the law in the appropriation bill and then there is no commission?

Dr. Marland. If that becomes law, we would have to then instruct the States accordingly and they would have to establish their commissions.

Mrs. Green. When you sent out the statement to the States that they did not have to, did you mention this as a possibility?

Dr. Marland. Yes, we did.

Mrs. Green. Is it in your letter to the States?

Dr. Marland. Yes. It implies at least that this could happen at a later date.

Mrs. Green. Does it imply that it could happen this year?

Dr. Marland. We didn't specify the date.

Mr. Flood. If the lady will yield, could we have a copy of that letter for the record at this point?

[The information follows:]

Department of Health, Education, and Welfare,
Washington, D.C., March 7, 1973.

Dear Colleague: The purpose of this letter is to bring you up to date on recent developments concerning the State postsecondary education commissions authorized under section 1202 of the Higher Education Act, as amended.

We received almost 500 substantive responses to our invitation of December 4 for interested parties to comment on the preliminary report from the task force on State postsecondary education commissions. These comments were analyzed by the task force during the period of December 18 to January 12, and a revised report, including preliminary draft regulations, was transmitted from the task force to this office on February 1.

The Education Amendments of 1972 had envisioned major functions and responsibilities for the State postsecondary education commissions in connection with the new authorizations for comprehensive statewide planning (HEA section 1203), community college education (HEA title X part A), occupational education (HEA title X, part B), and improvement of postsecondary education

(GEPA section 404). In addition, the law had authorized the section 1202 State commissions to serve as State administrative/planning commissions for existing programs in community services and continuing education (HEA title I), equipment for undergraduate instruction (HEA title VI), and grants for construction of undergraduate academic facilities (HEA title VII).

However, the Federal budget for fiscal year 1974 provides almost no functions for the section 1202 State commissions to perform. The community service, instructional equipment and academic facilities grant programs are scheduled to be terminated, and no funding is provided to implement any of the community college or occupational education authorities. Furthermore, while the budget does provide $15 million to support projects and programs for improvement of postsecondary education, it is our opinion that the implementation of the improvement of postsecondary education authority alone does not warrant the establishment of the commissions at this time.

Under the circumstances, it has been determined that we should indefinitely defer our plans for distribution of the revised report of the task force, and suspend all activity relative to establishment of the section 1202 State commissions.

We want to express our thanks to all of you who have made suggestions and comments concerning the section 1202 State commissions, and to assure you that your thoughts have been taken seriously into account in the revisions to date.

Sincerely,

JOHN OTTINA,
Acting U.S. Commissioner of Education.

Mrs. **GREEN**. The letter that was written to each State.

Mr. **FLOOD**. You sent the same letter to every State?

Dr. **MARLAND**. It hasn't really gone out yet.

Mr. **FLOOD**. But they will all get the same letter?

Dr. **MARLAND**. Yes, and the Governors, too.

ADMINISTRATION OF CATEGORICAL PROGRAMS

Mrs. **GREEN**. You were not here, Dr. Marland, when I made reference to the administrative costs that my State superintendent of public instruction has given me on the administration of the categorical programs that go through the State department of education. He has advised that it is between 18 percent and 20 percent, which I must say I found rather astounding. That does not include the administrative costs at the Federal level for the categorical programs nor the costs after the check gets to the local school district level.

Dr. **MARLAND**. Right.

Mrs. **GREEN**. I gave as examples checks which go to small school districts of a total of $16 or $32 or $84; this, of course, is not for the larger districts.

Has your office or anybody within the Government, to the best of your knowledge, ever done such a nationwide study? I would think you would have in terms of your commitment to revenue sharing. Have you done a study of the administrative costs at the Federal level and the number of school districts that are getting such small amounts of money that the cost of writing the check is far greater than the value of the check?

Dr. **MARLAND**. We have not done a detailed analytical study of this. We have viewed our own Federal commitment in terms of manpower, time and all resources going into this. They are very large, as you say, at the State level.

I suspect you will find that at the local level the percentage of overhead cost statewide would be even higher than the 18 percent. That is part of our reason for wanting to consolidate grants.

Mrs. Green. You spent a couple of million dollars at least on a computer program system. Couldn't you do a printout if this is true in Oregon of the small school districts? The big school districts, of course, get more. Can't you do that with relative ease and estimate the administrative costs?

Dr. Marland. I think we could.

Mrs. Green. Would you do that?

Dr. Marland. Yes.

Mrs. Green. And make it available.

[The following information was submitted:]

Study of Overhead Costs for State Administration of Federal Funds

The Office of Management and Budget in Circular No. A-87 allows each State and local agency to request the Division of Cost Policy and Negotiation, DHEW, to establish an indirect cost for Federal projects. To date, 27 States have had indirect cost rates for federally funded projects established. A list of those States and their rates follows:

State:	*Rate for the State education agency (percent)*
Alabama	43.6
Alaska	1.7
Colorado	28.5
Connecticut	1.5
District of Columbia	37.1
Florida	13.3
Georgia	14.2
Illinois	21.0
Iowa	32.9
Nebraska	3.3
New Hampshire	2.8
New Jersey	12.6
New Mexico	12.9
New York	8.0
North Carolina	8.9
North Dakota	8.3
Oklahoma	12.2
Oregon	34.7
Rhode Island	13.5
South Carolina	17.1
Tennessee	8.1
Texas	32.6
Utah	22.4
Vermont	19.9
Virginia	23.4
Washington	28.2
Wyoming	24.9

Mrs. Green. Mr. Chairman, I suppose it will take too long for this record, but would you do it and make it available to me and anybody else on the committee who wants it?

Dr. Marland. John, what is your estimate of time for a reasonably accurate statement?

Dr. Ottina. We have much of the basic data you are asking for in terms of the numbers of people involved. It shouldn't be too long.

Dr. Marland. As you may know, we have been conducting through the country what we call management review services to States in which we have gathered these kinds of data as to the number of people, their rank and salary, and so on. So we should be able to assemble it fairly quickly.

TIMING OF BOG PROGRAM

Mrs. Green. Let me turn to the BOG's for a few moments. Is it tomorrow that the contracts from College Scholarship Act, and so forth, are due in your office?

Dr. Ottina. The proposals, that is correct.

Mrs. Green. Do you honestly think that there is any possible chance of doing all the things that have to be done to include BOG's in the supplemental for 1973?

Dr. Marland. The answer has to be yes, Mrs. Green. In other words, we wouldn't be here testifying in support of this budget unless we believe we could carry it out with the cooperation of Congress.

Mrs. Green. I will be delighted to ask you that question 2 or 3 months from now.

Mr. Flood. In the realm of logic, that was known as a rhetorical question.

Mrs. Green. I hate to have the administration in such an embarrassing position on this, because I think anybody knows that it really cannot be done.

Dr. Marland. I think that the chairman of the substantive committees and the appropriations committees will remember that months and months ago I wrote them a note saying that when the crunch came we would try to get a budget to them in January and a family assistance formula early in the calendar year and there would be a condition described in my letter as desperate, I think, to get early action in order for us to place this program in position in time to serve students in the academic year coming up. I have asked the chairman of the various committees for action by March 15.

COLLEGE STUDENTS WHO ARE LEGALLY INDEPENDENT

Mrs. Green. Dr. Marland, do you or does anybody in the Federal Government know how many college students are getting food stamps?

Dr. Marland. We would get that information.

Mrs. Green. Is that broken down? I cannot get it in Oregon or Portland.

Dr. Marland. Did you try social security?

Mrs. Green. No, I did not try social security. The point I am making is it's a very large number, I am advised. If they are able to get food stamps, I'd think the majority do it by setting themselves up independent of their families. They would have to, unless it was a poverty family.

You made a statement in your in-house memorandum on October 12. You said, "With the emancipation of 18-year-olds, some State scholarship programs have problems with students declaring themselves independent. Since they are legally adults, a family contribution statement cannot be required from their parents."

If indeed more and more students set themselves up as independent and you cannot require a statement on family contributions, or if there are court decisions to that effect—then you cannot take this into considerations in this so-called entitlement, the right to have $1,400-minus family contribution, what will happen to your whole BOG?

Dr. Marland. It will become a very hollow instrument, Mrs. Green, because it will be inconsistent with all of the data on which we have done the planning for it. And I would find it a condition that we would have to come back to Congress and modify. Because if all your people in college at age 18 decide to emancipate themselves, there would be no meaning in the message of BOG.

Mrs. **Green**. The former director of the college scholarship told me that at the present time their estimate is that between 30 percent and 50 percent of the college students are now legally independent. If it gets up to 30 percent or 50 percent, I suggest it will very rapidly get to 100 percent because students are pretty smart and the word spreads.

Dr. **Marland**. We will have to change the law.

Mrs. **Green**. You gave the same answers as Dr. Muirhead. He said we will have to go back to the drawing board.

Mr. **Smith**. Will you yield at this point?

Mrs. **Green**. Yes.

Mr. **Smith**. As I understand it, you are drawing up regulations that almost prohibit them from emancipating themselves, if they were, for example, participants.

Dr. **Marland**. Mrs. Green introduced her question by saying if court cases find that they can be legitimately emancipated. In short, she said, if we find that they may emancipate themselves, then we are in a whole new ball game.

Mr. **Smith**. That is what bothered me. Some people legitimately are emancipated who under regulations, are not emancipated.

Dr. **Marland**. That is right. Of course, you have your veteran who, I think, we have declared in our regulations to be automatically emancipated.

Dr. **Ottina**. They have to meet the same tests.

STATUTORY MINIMUMS FOR STUDENT AID PROGRAMS

Mrs. **Green**. Mr. O'Hara, who now heads the Subcommittee on Postsecondary Education, testified before this committee the other day. He makes reference to the BOG's. If I may quote this, "And the additional request comes to us, asking that the administration be permitted to ignore the law in administering that program. Let us understand what the law requires", says Mr. O'Hara, "because this is not the customary request for a proviso limiting expenditures. On the contrary, this is a request for a proviso permitting the expenditure of over a billion and a half dollars in two fiscal years without meeting the statutory preconditions for those expenditures."

He goes on at some length. I won't read it because it's in the record.

Dr. Marland, again in your in-house memorandum of October 12, in my judgment that 34-page memorandum is designed to advise how the Office of Education can evade the law, which seems to me to be a very poor example to set for the country.

You know the history of BOG. You know that you strongly supported this last year. Mr. Quie offered the amendment on the floor of the House for the entitlement and it was defeated by a very substantial majority. It went to conference and there was the compromise worked out that the EOG, work-study and NDEA had to be funded before any funds could be appropriated to BOG. This year both committees have reaffirmed their commitment to that premise.

SUPPORT FOR BOG PROGRAM

This question I also direct to Dr. Marland. Is there any group or any association of higher education people in the country that supports your position not to fund EOG nor NDEA and to request only the $622 million for BOG's and through $20 million less than last year for work-study?

Dr. **Marland**. I am positive there is no interest group which wants to get more money for higher education that would support a budget that has less. In other words, there is no one against Santa Claus. I think that it's fair to say that all interest groups would like to see all parts of the higher education historic program sustained, including BOG.

If you narrow your question to: Do the interest groups support BOG, I would have to say "yes," and they would like to have it in the form in which Congress originally passed it, as you say.

Mrs. **Green**. Is there any association of higher education which favors funding BOG alone, as you are requesting?

Dr. **Marland**. No. That is what I was saying, that they would like to see it funded with all the other pieces on the tree.

Mrs. **Green**. Isn't it also true that if you are not going to have all the pieces on the tree that they would rather have the EOG, work-study, and NDEA on the tree than just BOG on the tree?

Dr. **Marland**. Not necessarily.

Mrs. **Green**. Would you name one group that doesn't take that position?

Dr. **Marland**. I can say that we have had warm applause from the Association of State Colleges and Universities for BOG.

Mrs. **Green**. On top of——

Dr. **Marland**. I hadn't quite finished. They hope we will keep EOG at least for a while, for a year.

Mrs. **Green**. They support BOG on top of——

Mr. **Flood**. If the lady will yield. There is this strange thing I notice about this. I am no amateur with the so-called special-interest groups or special pleaders vis-a-vis education, if you follow me. But I have always seen an alliance between these groups and the governmental people who are identified with the same programs. I don't criticize it.

Generally, I'm opposing cutting appropriations for these things.

I am not sure about that on this BOG business. The institutions of higher education all seem to be opposed to the administration's proposal.

Dr. **Marland**. We are able ultimately to come together around this issue, Mr. Chairman and Mrs. Green. I would have to say that there isn't an automatic alliance between those of us who have to defend the Federal budget and those who come from the interest groups. I think that in times of grave financial stress we have to take an administration position that is not popular with this committee or with the interest groups. That is what we are now taking.

TRADE-OFFS NECESSARY

The BOG's program, which appeared to be a bipartisan program with great power in it, was decided by the administration as that which it could do and could do fully and could do to the optimal advantage of the students it was intended to serve. In order to do it, the administration had to make internal trade-offs, not in violation of the law, Mrs. Green, but in the hope of bringing language to the budget that would permit Congress to adapt itself to a position that says this: That we have funded the work-study program, that EOG is being suggested itself by BOG, and that finally the program for national defense student loans—and please hear this and I want the record to show it quite carefully, if you will, Mr. Chairman—that it may not have been wholly comprehended by Congress at the time that it asked that NDSL be included as a prerequisite.

There are now $2 billion invested in that system out there, owned and operated by higher education institutions. That $2 billion is now generating $260 million a year in repaid debts. It's in the system. It is money that is moving in the system. At the $2 billion level this will probably receive in the next year or two to around $150 million and go on for the next 10 or 15 years as a regenerating source of money within the UDSL system that I believe substantially responds to not the words and the letter of the Congress' position but the intent of the Congress' position that say we want to be sure to sustain some NDSL money out there. It's there at $2 billion.

Mrs. **Green.** Mr. Chairman, I hope this isn't being taken out of my time. I hope that a little later we can have the facts on how many banks are participating in GSL this year. My information is that many are getting very cynical about the whole GSL program. But none of us really know the answer to that.

EDUCATION ORGANIZATIONS WHICH OPPOSE THE ADMINISTRATION'S STUDENT AID PROPOSALS

Mr. Chairman, I would ask that at this point in the record we insert the associations which are on record of following the law passed by Congress last year and signed by the President and funding EOG, work-study and NDEA at a minimum of the levels specified in the law before there is any funding for BOG.

Mr. **Flood.** Yes. Without objection, we will do that, sure.

[The list follows:]

Associations on record in favor of following the law and funding EOG–WS–NDEA—at least to the levels in 1972 law—before any funding of BOG:

American Council on Education.
American Association of State, Colleges and Universities.
National Association of State Universities and Land Grant Colleges.
American Association of State Colleges and Universities.
American Association of Community and Junior Colleges.
Association of American Colleges.
National Association of Student Financial Aid Administrators.
Two representatives from College Entrance Examination Board.
Association of Jesuit Colleges and Universities.
Lutheran Council in the U.S. of America.
Association of American Universities.
National Student Lobby Association.
National Association of Independent Schools and Colleges.

QUALIFICATIONS FOR BOG AND EOG PROGRAMS

Mrs. **Green.** Dr. Marland, in response to Mr. Smith's question, you said that you favored BOG because there would be students who can qualify for BOG who cannot qualify for EOG. Would you give me an example of what students could possibly qualify for BOG that could not qualify for EOG?

Dr. **Marland.** I am mindful of your very keen knowledge of this whole system, Mrs. Green. You probably know more about some parts of it than I do. Under the EOG, you depend upon the discretion of a local student aid officer to decide what student is eligible and his discretion may say that the student is or is not eligible.

Mrs. **Green.** Under your system, if I can just interrupt, you subscribe to a computer system that a pupil may get through or may be screened out by reason of the inhuman computer.

Dr. **Marland.** I would rather say that the computer will bring equity and system and uniformity rather than personal bias to a Federal program that is intended to serve everybody equally and to give a young person a full knowledge of what he may count on early, and go with that voucher, if you will, to any college and have it redeemed rather than depend upon what may be the biases or the whims of a student aid officer who may or may not respect his needs.

Mrs. **Green.** Accepting for the moment for the sake of argument what you have said, after the child has come through the computer and it shows he is eligible for BOG, why would that same youngster not be eligible for EOG?

Dr. **Marland.** Because he would still depend upon the judgment of the student aid officer who would be operating with a different set of laws and rules.

Mrs. **Green.** The law says, "Any needy youngster" is entitled to EOG.

Dr. **Marland.** Right.

Mrs. **Green.** I would think that after your computer gets through all of its work and Mr. Joe Doaks comes out at the end of the computer line and is qualified for BOG, it would be on the basis of need and therefore he would be qualified also for the EOG. I think the discussion of the legislative history shows that there were many people who qualified for the EOG work-study and NDEA who would not qualify for BOG. It seems to me the reverse is true of what your answer to Mr. Smith was.

UNIVERSAL FORMULA UNDER BOG

Dr. **Marland.** At least it will rest upon a universal system treating all young people alike, rather than what may be the variables in attitude and interest on the part of different institutions behaving differently.

I would grant you the point that you have observed, that if, according to a universal formula, a young person is found to be qualified for BOG, that very likely those criteria would qualify him under EOG as well but not necessarily for the same amount of money. That would still be discretionary and subject to the opinion of a student aid officer.

Mrs. **Green.** But the student aid officer has to be finally involved in it. After it comes out of the computer he has to sit with the financial aid officer and if he gets *x* number of GI benefits or social security benefits or other factors, then he is still subject to what you call the whims and biases of the student financial aid officer because his total financial aid from all sources, is dependent on the student financial aid officer.

Dr. **Marland.** All right, if you will, the discretion is as to what to add onto a young person's needs, yes. But I don't use the term "whims and biases" necessarily in a pejorative sense. I say there are facts and truths in the condition that says different people will behave differently with a given set of data. The value of BOG's is that you have a baseline that every student aid officer can use as a tool, and a very valuable tool, in saying that we know this one is entitled to $800 whether from Yale or East Plattsburg. And the add-on to that then becomes discretionary and is an act of counseling and judicious behavior by the student aid officer.

FEDERAL COMMITMENT TO RECIPIENTS OF EDUCATIONAL OPPORTUNITY GRANTS

Mrs. **Green**. Dr. Marland, would you concede that under the educational opportunity grant at the present time and for those who have received EOG's and who are still in college, that there was in effect a commitment by the Federal Government that they should have an EOG for each of their years in college?

Dr. **Marland**. I would have to ask for help on that one. Russ, you have been pretty close to that.

Mr. **Edgerton**. I don't believe that is true.

Dr. **Marland**. I know nothing in the law or practice that would suggest that.

Mrs. **Green**. Then I would ask unanimous consent to insert here testimony of Dr. Muirhead on which it has been based and administered.

[The information follows:]

Exchange Between Dr. Peter Muirhead, Deputy Commissioner of Education and Mrs. Green

Mrs. **Green**. The EOG is st[illegible] designed to try to encourage the student. You promise him when he starts that he is going to have that amount of money each of the 4 years.

Dr. **Muirhead**. Well, you are right. What we say is that the youngster with an EOG should be assured of help toward the completion of his program. I would not want the record to show that he would continue for 4 years. He might very well complete a program that is suitable for his talent and interest in 2 years.

Mr. **Green**. Is not your request for funds based on the continuing grant——

Dr. **Muirhead**. Our request for funds are based on the premise that the money should be available.

Mrs. **Green**. For 4 consecutive years?

Dr. **Muirhead**. If his educational interests are best served by that, I think it would be a sad thing if we would say that the opportunity for the grant required by the student to complete a 4-year program would not be provided for the 4 years. It says that if a -year program is suitable to your needs and interests, then the money will be available.

Mrs. **Green**. The Office of Education has claimed that it is, that if you once get an EOG you are entitled to it each of the 4 years.

Mr. **Flood**. We can refer just to that page. We will have the staff refer to that page.

Mrs. **Green**. That was the previous testimony, Mr. Flood, in the other committee.

Mr. **Flood**. I see.

Dr. **Marland**. The testimony was that there was an implied commitment for an entitlement as long as he was in college?

Mrs. **Green**. That is correct.

Dr. **Marland**. I had not been aware of that.

EOG VERSUS BOG AVAILABILITY

Mrs. **Green**. Do you agree that BOG's are not available to graduate students.

Dr. **Marland**. That is correct, by law.

Mrs. **Green**. A moment ago, in response to Mr. Smith, you suggested that for a freshman that colleges might discourage them from working because they needed to have more time for studies.

Dr. **Marland**. Or find other ways to augment, such as loans.

Mrs. **Green**. Would you agree there is a greater flexibility in the EOG than in the BOG in this regard of course, there is more flexibility because EOG would allow a very needy student to have up to $2,500 in a grant, say, the first year, and then later maybe he should work more and the grant ought to be cut. In terms of freshmen who need more the first year and maybe less the next year in a grant, there is far more greater flexibility in the EOG than BOG.

Dr. **Marland**. There is greater flexibility.

OPERATION OF NATIONAL INSTITUTE OF EDUCATION

Mrs. **Green**. If I can impose, Mr. Chairman, for one other item, which goes to some questions that Mr. Michel asked and I believe you also, Mr. Chairman.

The NIE, I know, is coming up Friday, but it's my understanding that there is a dispute between yourself, Dr. Marland, and others. Are you not saying that NIE is directly under your operation, that it isn't an independent operation?

Dr. **Marland**. The law states roughly as follows, Mrs. Green: That NIE's Director shall have broad discretion to administer that law, that he shall respond to the policy directions of the National Council on Educational Research, that he shall report to the Secretary through the Assistant Secretary, and the Assistant Secretary shall have responsibility for direction and supervision of NIE. These appear in some ways to be mutually inconsistent, the law that we interpret as we have.

Mrs. **Green**. It seems to me appropriate to question Dr. Marland on the NIE some while he is here. Does your figure of $119 million for 1973 and $162 million for 1974 for NIE include the regional laboratories.

Dr. **Marland**. It does.

AMOUNT OF DISCRETIONARY FUNDS

Mrs. **Green**. Mr. Michel asked you the total amount of money that is now in discretionary funds, in contracts and grants. Do you recall that?

Dr. **Marland**. Yes.

Mrs. **Green**. Do you have those figures?

Dr. **Marland**. No. We made a quick guess at them this morning, that if we count all programs in NIE and OE, virtually all of our money would be in contracts and grants, including formula grants. To get to discretionary grants, my quick estimate of that would be that NIE would have virtually 100 percent of its budget in discretionary grants allowing for the fact that many of its programs are carried on from existing commitments to such places as laboratories and centers. But they are still discretionary with the Director. He may cut off any of those programs upon his discretion.

In the Office of Education about 10 percent of the total funds are discretionary, which would be at the level of about $400 million.

Mrs. Green. Would you please check the material that your office provided for the hearings we had last year, the hearings as of last April and May. In that you submitted some statistics for fiscal 1972; these are discretionary grants from July 1971 to April 1972 as $1,394,012,000.

Dr. Marland. Between NIE and OE?

Mrs. Green. This is Office of Education.

Dr. Marland. That was probably before a number of programs were transferred to NIE, so it would be about half of that now.

SOLE SOURCE CONTRACTS

Mrs. Green. I am talking about contracts and grants. If you recall, I asked you about sole source, Dr. Ottina. I can cite the pages. I asked the question. "We have an internal HEW report showing for the years 1967, 1968, and 1969, that over 90 percent of the contracts had been sole source. Mr. Ottina: "the information that I have would corroborate that, but I will provide for the record the number for 1971." I will refer to that in a moment.

[The information follows:]

Excerpt From Hearings Before the Ad Hoc Subcommittee on Discrimination Against Women

Mrs. Green. Could you at this point also tell us what percentage of those are sole source?

Mr. Ottina. I am not able to tell you that for 1971 at this time.

Mrs. Green. We have an internal HEW report showing for the years 1967, 1968, and 1969 that over 90 percent of the contracts have been sole source.

Mr. Ottina. The information that I have would corroborate that, but I will provide for the record the number for 1971. Madam Chairman, do you wish that expressed in terms of dollars?

(The information referred to follows:)

OFFICE OF EDUCATION—DISCRETIONARY GRANTS AND CONTRACTS AWARDS, FISCAL YEAR 1972

[July 1, 1971–Apr. 30, 1972]

	Sole source awards		Competitive awards		Sole source vs. Comp.	
	Number	Value	Number	Value	Number of awards (percent)	Amount (percent)
Contracts	525	$11,413,572	5	$1,088,356	199.1	199.3
Grants	521	56,900,061	0	0	100.0	100.0
Total	1,046	68,313,633	5	1,088,356	95.5	98.4

Notes:

(1) The statistics cited above exclude awards made by regions. (Approximately $118,916,000).

(2) The statistics cited above exclude field reader contracts.

(3) The statistics cited above exclude continuations of prior year contracts and grants. (Approximately $449,943,000.)

(4) The statistics cited above include 5 8(a) small business contracts with a value of $184,242.

(5) There are 41 RFP's issued with awards pending. More than 41 awards will result. The approximate value is $7,000,000.

(6) The statistics cited above exclude programs funded by NIH with a value of $578,000,000.

Mrs. Green. Then I quoted the HEW survey itself, which said this in respect to the Office of Education contracts: "Negotiated contracts were not susceptible for formal advertising. Most contracts were for studies which could not be defined specifically enough for the specific requirements. For those procurements which required publicity through synopsis and the commerce business daily over 90 percent of the contract file showed no evidence that this had been done. In 80 percent of the files examined of those noncompetitive procurement, 90 percent contained no justification for a sole source award. The method under which these contracts are awarded is discussed in the discussion as follows."

Then we asked if the Secretary sent out a memorandum in August of 1969, asking for improvement in the awarding process. But as of April, 1970, at the time of these hearings, again in the study which was made by the Assistant Secretary for Administration in HEW, the study states: "The Office of Education, no positive action taken in regard to the Secretary's request of 1969." Could you tell me what the situation is today?

Dr. Marland. Yes. These are all of the data that you are drawing on, including the Secretary's memorandum and the judgments of others dealing with the years 1969 and 1970 before either Mr. Ottina and I were present.

Mrs. Green. The ones I just read are 1972.

Dr. Marland. The one on the later figures?

Mrs. Green. Yes, sir.

Dr. Marland. These are the ones before we had put in effect the Sole Source Board. We can give you from the record, and I would have to submit it after gathering the details, the effect of the Sole Source Board on reducing the number of sole source contracts.

Mrs. Green. Some information indicates that the following year, after you put in the so-called better management, that the sole source percentage was 95 percent.

Dr. Marland. It's possible. The contracts that we have to deal with include, for example, the utilization of a number of individuals who are outside readers. They are chosen because they are competent outside readers to review competitive projects. Those are under the $25,000 limit and could well be sole source with individuals. At least we would have a change, I think, to submit to you evidence to show what is sole source and why at this present time.

Mrs. Green. I am talking about sole source in the discretionary funds.

Dr. Marland. I agree with that, and to indicate some order of magnitude of the dollars and numbers involved, I think that we will be able to show that since the Sole Source Board has been established, where there have been sole source contracts let, there have been good reasons for them. We would be pleased to offer that.

[The information follows:]

ACCOMPLISHMENTS OF THE SOLE SOURCE BOARD

An Office of Education Sole Source Board was established effective February 17, 1972. The Sole Source Board will review all proposed sole source contract actions that are in excess of $25,000. The Sole Source Board consists of senior level OE officials having both program and administrative experience. Operation of the Board is on the basis of presentations made to the Board by a representative of the program office concerned with the particular contract action. The executive secretary to the Board maintains minutes of the meeting, records the decisions of the Board, including the vote of individual members, and prepares the written statement concerning the disposition of each case. During the first year of the Board's activities (February 1972 to February 1973) 118 cases were heard by the Board. The Board approved 81 cases resulting in 81 contract awards. In six additional cases the Board approved groups of contract awards of a single class nature. Of the remaining 31 cases, 27 were not approved and 4 cases were scheduled but not heard.

CONTRACT WITH FIRM EMPLOYING E. HOWARD HUNT

Mrs. **Green.** Would you care to outline the sole source contract that was given for Mr. Mullen's company with E. Howard Hunt as the chief program director and why that was awarded on a sole source base when no proposal was before the Sole Source Board at the time?

Dr. **Marland.** As I remember, that was a carry-on of a public relations contract that has been developing films for our handicapped education office for a period of years. They had a complete knowledge of the handicapped program and it was merely extended. It was not a new contract.

Mrs. **Green.** Yes, it was a continuation of an existing contract. It seems to me that it violates what you have suggested in terms of how your Sole Source Board operates.

Dr. **Marland.** That contract renewal did go before the Sole Source Board and was approved because of the condition I have just described.

Mrs. **Green.** Dr. Marland, at that Sole Source Board meeting, was it not brought up by one of the people present that there was no proposal even before the Sole Source Board when they were meeting when they extended that contract to the Mullen group?

Dr. **Marland.** I would have to check that.

Mrs. **Green.** I think people in your Department are willing to testify on that.

Dr. **Marland.** That is maybe something that you would want to raise with the Deputy for School Systems and the Associate Commissioner for the Handicapped.

Mrs. **Green.** The only thing I am saying is I really think that sole source sounds good on paper, but I think in terms of what actually happens it leaves much to be desired.

NUMBER OF GRANTS AND CONTRACTS IN OE

In your testimony last April you testified that there were approximately 50,000 live contracts and grants within the Office of Education which require some degree of monitoring.

Dr. **Marland.** Including banks and lending agencies.

Mrs. **Green.** But even they required some degree of monitoring.

Dr. **Marland.** Right.

Mrs. **Green.** Has that situation changed? Or do you still have approximately 50,000?

Dr. **Marland.** So long as we include banks and lending agencies, it would be about the same, Mrs. Green, except for the separation of those programs that had gone to NIE. The total number within the divisions of education will be about the same.

Mrs. Green. May I read for the record that in the Department of HEW of the number of live grants during fiscal year 1971, 55,009 grants were awarded in fiscal year 1971.

As of December 31, there were 12,810 different contracts in the Department valued at $1,387,869,000. The reason I have given this history is really to ask you why the members of Congress should be persuaded that NIE will be operated in any different fashion than the contracts and grants in the research department as it has been operated during the past years within OE?

The second part of the question, and maybe you have better respond to it first, of the total amount that I have been quoting in contracts and grants, can you give now, and if not will you supply for the record, the dollar amount and the percentage amount that has gone to research for education?

Dr. Marland. Let me be sure that I can restate the questions, Mrs. Green. To reverse that sequence, can I establish for the record the total dollars now funded in 1973 in NIE that will go for research grants?

Mrs. Green. No. Let's take it for the years that I have given the figures, 1968, 1969, 1970 and 1971.

Dr. Marland. Before NIE was established?

Mrs. Green. That is right. What is the dollar amount and what percentage of all of those contracts and grants can be considered as research on education? That would be my first question.

Dr. Marland. Let me be sure that I can restate that one—my companions I hope are making a record of this—that we determine for the years 1968, 1969, 1970, and 1971, the amount of discretionary moneys administered in the Office of Education that would be classified as research, the amount and total number of such contracts and grants. We can do that.

Mrs. Green. Those, of course, would include the subcontracts. When you give a contract to an institution and the subcontracts, it would be the total amount of Federal dollars and the percentage.

Dr. Marland. Right.

[The information follows:]

OFFICE OF EDUCATION

Discretionary Grants and Contracts

Fiscal Years 1968, 1969, 1970, and 1971

	1968		1969		1970		1971	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Contracts:								
Research...........	778	$ 63,702,649	670	$ 63,533,428	419	$ 59,848,033	352	$ 66,989,000
Training...........	8	1,475,000	8	1,810,000	9	4,084,000	9	2,573,000
Other..............	330	28,228,597	399	32,539,939	534	45,571,124	730	49,824,695
Grants:								
Research...........	373	38,806,418	452	27,987,030	338	20,118,752	304	36,400,514
Training...........	4,138	181,218,761	5,201	348,043,212	4,637	228,097,731	3,125	248,337,048
Other..............	4,155	269,232,199	3,813	206,184,098	3,775	220,298,642	3,702	344,559,092
TOTAL:								
Research...........	1,151	102,509,067	1,122	91,520,458	757	79,966,785	656	103,389,584
Training...........	4,146	182,693,761	5,209	349,853,212	4,646	232,181,731	3,134	250,910,043
Other..............	4,485	297,460,796	4,212	238,724,037	4,309	265,869,766	4,432	394,383,787

Mr. **Miller.** Are demonstration grants and contracts included in that?

Mrs. **Green.** Yes, and including educational labs and R. & D. centers funded by O.E.

Dr. **Marland.** It would include such things as Right to Read. The second part of your question, may I have that again?

Mrs. **Green.** As you know, I have not been a stronger supporter for NIE because, in my judgment, we can document that many, many millions of dollars have gone down the drain in the contract and grant procedure.

Dr. **Marland.** I testified to that this morning.

POTENTIAL OF NIE FOR GRANT AND CONTRACT MONITORING

Mrs. **Green.** When you have 50,000 live contracts and then when you have that many thousand of them in HEW and your testimony last year was that you had 41 people to monitor these contracts, why should Congress believe that NIE is going to do a better job than OE?

Dr. **Marland.** I will remember the question. I would like to clear up one point where you stated that we have 41 people to monitor these contracts. I would phrase that a little differently. We have 41 people in the Grants Management Office who serve the program offices. Let's take bilingual as a program, administering roughly $29 million or $30 million. There will be contracts offered for review and administration by the Grants and Contracts Office. The monitoring is done by the Program Office, which has placed that contract, let's say, in 150 cities, conducting bilingual programs. So that you don't have just the 41 people on monitoring. You have several hundred people monitoring programs. But the programs are administered by 41 people in the Grants and Contracts Office.

As for what will be the prognosis of an improved grants and contracts system and a better internal discipline than that which you have cited——

Mrs. **Green.** Mr. Chairman, would you prefer that this just be extended for the record, because this is really the last question I am going to ask at this point?

Mr. **Flood.** Yes.

Mrs. **Green.** Just extend the answer to that question in the record, please.

[The information follows:]

Extension of Remarks on Grants and Contracts System

(*a*) Prospective contract/grant actions are submitted to the Contract and Grants Division for negotiation and award. Thereafter, technical monitoring is conducted in as many as 150 cities by program personnel. The grants management personnel in the Contracts and Grants Division interface with these individuals from a business standpoint. So, you have several hundred people actually monitoring the contract/grant actions.

(*b*) The following list is an indication of actions to be taken to improve the contracts and grants and program operations of the Office of Education:

1. Develop standard applications which would be used by all programs in the Office of Education. These applications would provide for supplemental information where necessary to meet particular program objectives.
2. Develop a standard system for objective program review procedures to select proposals for funding. These procedures will provide an objective evaluation involving persons outside the immediate organization in which the award authority is vested.

3. Prepare objective criteria for the selection of proposals to be funded.

4. Prepare an annual work plan to achieve a more uniform distribution of grant and contract processing during a fiscal year consistent with the school year requirements of the educational organizations.

5. Prepare objective criteria for the determination of whether a grant or contract instrument would be used for each particular program administered by the Office of Education.

NIE CONTRACTS AND GRANTS PROCEDURES

The National Institute of Education feels strongly that a rational systematic and fair contract and grant award process will make a significant difference in improving educational research and development activities of the Federal government. Although the Institute has not yet worked out its complete procedures, a number of issues have been identified as essential in such a determination. They are:

1. Grant and contract opportunities should be adequately publicized to maximize accessibility by all possible applicants. Grant programs should be published in the Federal Register and contract Requests for Proposals should be announced in the Commerce Business Daily. (NIE's 1973 Field Initiated Studies program announcement was published in the Federal Register and sent to 18,000 researchers and organizations in the field.)

2. Peer review of grant proposals is highly desirable and should be brought into the system to the greatest degree possible.

3. No award should be made without an appropriate review to insure that: (*a*) There exists a high probability of project success based on review of technical aspects of the proposal and responsibility of the proposed awardee; and (*b*) The resulting contract or grant complies with all applicable provisions of law and regulations.

4. All contracts and grants should be monitored and reviewed periodically in order to determine progress and identify problems.

5. A management information system should be set up to synthesize and retain pertinent information about each project.

6. A contracts and grants review board should be established to approve large NIE awards (such as over $300,000).

Mr. FLOOD. Thank you very much, Dr. Marland. It was a good show.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

EDUCATION DIVISION

Office of the Assistant Secretary for Education
Salaries and Expenses, Assistant Secretary for Education

Amounts Available for Obligation

	1973 Revised	1974
Appropriation	$1,495,000	$1,852,000
Comparative transfer from:		
"Salaries and expenses, Office of Education"	48,000	---
Total, obligations	1,543,000	1,852,000

Obligations by Activity

Page Ref.		1973 Estimate Pos.	1973 Estimate Amount	1974 Estimate Pos.	1974 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
188	Office of the Assistant Secretary	55	$1,325,647	55	$1,235,156	--	$ -90,491
189	Postsecondary innovation staff	15	217,353	30	616,844	+15	+399,491
Total obligations		70	1,543,000	85	1,852,000	+15	+309,000

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Total number of permanent positions........	70	85	+15
Full-time equivalent of all other positions..............................	5	6	+1
Average number of all employees...........	68	88	+20
Personnel compensation:			
Permanent positions......................	$1,002,500	$1,267,000	$ +264,500
Positions other than permanent...........	131,500	80,000	-51,500
Other personnel compensation.............	11,000	11,000	---
Subtotal, personnel compensation.......	1,145,000	1,358,000	+213,000
Personnel benefits........................	91,000	104,000	+13,000
Travel and transportation of persons.......	70,000	94,000	+24,000
Transportation of things..................	1,000	3,000	+2,000
Rent, communications, and utilities........	85,000	89,000	+4,000
Printing and reproduction.................	14,000	28,000	+14,000
Other Services............................	92,000	146,000	+54,000
Supplies and materials....................	9,000	13,000	+4,000
Equipment.................................	36,000	17,000	-19,000
Total obligations by object.............	1,543,000	1,852,000	+309,000

Summary of Changes

1973 Estimated obligations	$1,543,000
1974 Estimated obligations	1,852,000
Net change	+309,000

	Base	Change from Base
Increases:		
A. Built-in:		
1. Within-grade increases	$ ---	$ +10,000
2. Increased employees' compensation	---	+1,000
3. Annualization of postsecondary innovation staff	---	+262,644
B. Program:		
1. Cost of 15 new positions for postsecondary innovation staff	---	+130,356
Total, increases	---	+404,000
Decreases:		
A. Built-in:		
1. Used in FY 1973 to fund the pay raise	---	-34,000
B. Program:		
1. Non-recurring one-time costs associated with the establishment of the Office	---	-61,000
Total, decreases	---	-95,000
Total, net change	---	+309,000

Authorizing Legislation

Legislation	1974 Authorized	1974 Appropriation requested
General Education Provisions Act:		
Section 402 -- Assistant Secretary for Education.............................	Indefinite	$1,852,000

"ASSISTANT SECRETARY FOR EDUCATION

"SEC. 402. (a) There shall be in the Department of Health, Education, and Welfare an Assistant Secretary for Education, who shall be appointed by the President by and with the advice and consent of the Senate. The Assistant Secretary for Education shall be compensated at the rate specified for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

"(b) The Assistant Secretary shall be the principal officer in the Department to whom the Secretary shall assign responsibility for the direction and supervision of the Education Division. He shall not serve as Commissioner of Education or as Director of the National Institute of Education on either a temporary or permanent basis.

Explanation of Transfers

	1973 Estimate	Purpose
Comparative transfer from:		
Salaries and expenses, Office of Education	$ 48,000	Staff support for the transfer of the Postsecondary Innovation function to the Office of the Assistant Secretary for Education.

Salaries and Expenses, Assistant Secretary for Education

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1973	$2,290,000	$ 1/	$2,290,000	$1,543,000
1974	1,852,000			

1/ Not considered by the House.

Salaries and Expenses, Assistant Secretary for Education

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits..................	70	1,141,991	85	1,471,724	+15	+329,733
Other expenses..............		401,009		380,276		- 20,733
Total..................	70	1,543,000	85	1,852,000	+15	+309,000

General Statement

The Assistant Secretary for Education is responsible for direction and supervision of the Education Division, provides leadership for the education activities of the Department, and serves as the key spokesman and advocate for assuring that the Department provides professional and financial assistance to strengthen education in accordance with Federal laws and regulations. In addition, he serves as the principal advisor to the Secretary on education affairs. This appropriation provides for the administrative expenses associated with the Office of the Assistant Secretary for Education. The estimate includes support of 15 positions in 1973 and 30 positions in 1974 for administration of the postsecondary innovation program, whose Director reports directly to the Assistant Secretary for Education.

Office of the Assistant Secretary for Education

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits..................	55	983,830	55	1,015,884		+ 32,054
Other expenses...............	--	341,817	--	219,272	--	-122,545
Total..................	55	1,325,647	55	1,235,156	--	- 90,491

	1973 Positions	1974 Positions
Immediate Office of the Assistant Secretary............	17	17
Office of Administration................................	6	6
Deputy Assistant Secretary for Policy Development and Implementation..	18	18
Deputy Assistant Secretary for Policy Communication....	15	15
Total..	55	55

The Education Amendments of 1972 created an Education Division composed of the Office of Education and the National Institute of Education. The Assistant Secretary for Education will have the responsibility for the direction and supervision of the Division. The Assistant Secretary will handle most of the representational responsibilities with Congress, special interest groups and the general public, and be the key spokesman and advocate for education in the Federal Government.

Postsecondary Innovation Staff

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits..................	15	158,161	30	455,844	+15	+297,683
Other expenses.............	--	59,192	--	161,000	--	+101,808
Total..................	15	217,353	30	616,844	+15	+399,491

The Postsecondary Innovation Staff has responsibility for the administration of the activities authorized by Section 404 of the General Education Provisions Act to improve postsecondary education.

These responsibilities include making grants or contracts with institutions of postsecondary education for:

(1) encouraging the reform, innovation, and improvement of postsecondary education, and providing equal educational opportunity for all;

(2) the creation of institutions and programs involving new paths to career and professional training, and new combinations of academic and experimental learning:

(3) the establishment of institutions and programs based on the technology of communications;

(4) the carrying out in postsecondary educational institutions of changes in internal structure and operations designed to clarify institutional priorities and purposes;

(5) the design and introduction of cost-effective methods of instruction and operation;

(6) the introduction of institutional reforms designed to expand individual opportunities for entering and reentering institutions and pursuing programs of study tailored to individual needs;

(7) the introduction of reforms in graduate education, in the structure of academic professions, and in the recruitment and retention of facilities; and

(8) the creation of new institutions and programs for examining and awarding credentials to individuals, and the introduction of reforms in current institutional practices related thereto.

In order to carry out the above responsibilities a total of 30 positions (24 professional and 6 clerical) are requested for fiscal year 1974 which represents a net increase of 15 positions. The twenty-four professional staff members will be responsible for technical assistance for the 100 multi-year awards to be awarded in fiscal year 1973 and the 255 new awards planned for 1974.

EDUCATION DIVISION

Salaries and Expenses, Assistant Secretary for Education

Program Purpose and Accomplishments

Activity: Office of the Assistant Secretary for Education

1973		1974		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
55	$1,325,647	Indefinite	55	$1,235,156

Purpose: Provides support for necessary staff and related expenses for the Assistant Secretary for Education to carry out his responsibilities, either as provided by Statute or by delegation pursuant to statute.

Explanation: Section 402 of the General Education Provisions Act establishes an Office of Assistant Secretary for Education.

Accomplishments in 1973: In fiscal year 1973, the new office of Assistant Secretary for Education was established to provide general direction, supervision and management necessary to maintain appropriate administrative coordination in the Education Division.

Objectives for 1974: In fiscal year 1974 the staff will remain at 55.

EDUCATION DIVISION

Salaries and Expenses, Assistant Secretary for Education

Program Purpose and Accomplishments

Activity: Postsecondary Innovation Staff

1973		1974		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
15	$217,353	Indefinite	30	$616,844

Purpose: Provides the necessary staff and related expenses for the support for the Improvement of Postsecondary Education.

Explanation: Funds included in this activity provide for the operational costs related to Postsecondary innovation. Costs include salaries of the Postsecondary Innovation staff and related expenses for travel, communication, supplies and equipment.

Accomplishments in 1973: Major accomplishments included the implementation of reform and innovation throughout postsecondary education.

Objectives in 1974: In 1974, the staff of 15 will be increased to 30.

New Positions Requested

	1974		
	Grade	Number	Annual Salary
Postsecondary Innovation Staff			
Program Officer	GS-15	2	$ 51,166
Program Officer	GS-13	2	37,474
Program Specialist	GS-11	2	26,618
Program Specialist	GS-9	2	22,092
Program Specialist	GS-7	2	18,106
Secretary	GS-7	2	18,106
Secretary	GS-5	1	7,319
Secretary	GS-4	1	6,544
Clerk-typist	GS-3	1	5,828
Total new positions		15	193,253

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

EDUCATION DIVISION

Office of the Assistant Secretary for Education

Postsecondary Innovation

Amounts Available for Obligation

	1973	1974
Appropriation	---	$15,000,000
Comparative transfer from:		
"Higher Education"	$10,000,000	---
Total, obligations	10,000,000	15,000,000

Obligations by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
	Postsecondary innovation	$10,000,000	$15,000,000	$+5,000,000

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Grants	$10,000,000	$15,000,000	$+5,000,000

Summary of Changes

1973 Estimated obligations	$10,000,000
1974 Estimated obligations	15,000,000
Net change	+5,000,000

	Base	Change from Base
Increases:		
A. Program:		
1. Postsecondary education	$10,000,000	$+5,000,000
Total, net change	---	+5,000,000

Explanation of Changes

Increases:

A. Program:

1. Postsecondary education.--The increase of $5,000,000 will provide an additional 150 new projects, for a total of 255 projects in fiscal year 1974.

Authorizing Legislation

Legislation	1974 Authorized	1974 Appropriation requested
General Education Provisions Act:		
Section 404 - Support for improvement of postsecondary education....................	$50,000,000	$15,000,000

"SUPPORT FOR IMPROVEMENT OF POSTSECONDARY EDUCATION

"Sec. 404. (a) Subject to the provisions of subsection (b), the Secretary is authorized to make grants to, and contracts with, institutions of postsecondary education (including combinations of such institutions) and other public and private educational institutions and agencies (except that no grant shall be made to an educational institution or agency other than a nonprofit institution or agency) to improve postsecondary educational opportunities by providing assistance to such educational institutions and agencies for—

"(1) encouraging the reform, innovation, and improvement of postsecondary education, and providing equal educational opportunity for all;

"(2) the creation of institutions and programs involving new paths to career and professional training, and new combinations of academic and experimental learning;

"(3) the establishment of institutions and programs based on the technology of communications;

"(4) the carrying out in postsecondary educational institutions of changes in internal structure and operations designed to clarify institutional priorities and purposes;

"(5) the design and introduction of cost-effective methods of instruction and operation;

"(6) the introduction of institutional reforms designed to expand individual opportunities for entering and reentering institutions and pursuing programs of study tailored to individual needs;

"(7) the introduction of reforms in graduate education, in the structure of academic professions, and in the recruitment and retention of faculties; and

"(8) the creation of new institutions and programs for examining and awarding credentials to individuals, and the introduction of reforms in current institutional practices related thereto.

"(b) No grant shall be made or contract entered into under subsection (a) for a project or program with any institution of postsecondary education unless it has been submitted to each appropriate State Commission established under section 1202 of the Higher Education Act of 1965, and an opportunity afforded such Commission to submit its comments and recommendations to the Secretary.

"(c) For the purposes of this section, the authority granted to the Commissioner in part D of this Act shall apply to the Secretary.

"(d) The Secretary may appoint, for terms not to exceed three years, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service, not more than five technical employees to administer this section who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

"(e) There are authorized to be appropriated $10,000,000 for the fiscal year ending June 30, 1973, $50,000,000 for the fiscal year ending June 30, 1974, and $75,000,000 for the fiscal year ending June 30, 1975, for the purposes of this section.

Explanation of Transfer

	1973 Estimate	Purpose
Comparative transfer from:		
Higher Education	$10,000,000	The Postsecondary Innovation program will report directly to the Office of the Assistant Secretary for Education.

Postsecondary Innovation

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1973	$10,000,000	1/	$10,000,000	$10,000,000
1974	15,000,000			

[1] Not considered by the House.

Justification

Postsecondary Innovation

	1973	1974	Increase or Decrease
Grants for Postsecondary Innovation.....	$10,000,000	$15,000,000	$+5,000,000

Narrative

The trend toward universal and sequential attendance at postsecondary institutions and increasing interest in life-long learning opportunities has created social demands for more options, reforms, and greater efficiencies throughout postsecondary education. Within broad funding strategies established by the Secreatry and the Assistant Secretary, program priorities are set in consultation with an Advisory Board. Proposals are received from public and private postsecondary institutions and agencies, and other educational agencies for such activities as new programs for career training, institutional reforms designed to bring more flexible forms and modes of access and reentry, the design and installation of cost-effective methods of instruction, etc.

Accomplishments in 1973:

The program seeks to implement three broad strategies: (1) to provide new approaches to teaching and learning, primarily through the integration of education and life experience, the individualization of educational services, and new techniques of teaching/learning; (2) to provide effective educational service for new postsecondary clientele chiefly, low achievers, adults and part-time learners, minorities and women, through programs designed to respond to the perceived needs of these groups; and (3) to revitalize postsecondary institutional missions through support for new structures of activities designed to channel institutional energies or resources more effectively to the implementation or refinement of an institution's existing mission. Each of these strategies has its own evaluative criteria.

Objectives for 1974:

The fiscal year 1974 program will continue the above strategies and will support projects in the following strategy areas: (1) to provide for the implementation of new missions through the redirection of missions of existing institutions or the creation of new institutions; and (2) to provide for increased openness in postsecondary education through improvement of information and information dissemination about postsecondary education, and through improvement in the areas of assessment and accreditation in the performance of individuals and institutions.

EDUCATION DIVISION

Postsecondary Innovation

Program Purpose and Accomplishments

Activity: Postsecondary education

1973	1974 Authorization	1974 Budget Estimate
$ 10,000,000	$ 50,000,000	$ 15,000,000

Purpose: To encourage reform and innovation throughout postsecondary education. The trend toward universal and sequential attendance at postsecondary institutions and increasing interest in lifelong learning opportunities have created social demands for more options, reforms, and greater efficiencies throughout postsecondary education.

Explanation: The Education Amendments of 1972 authorized the Secretary to make grants and contracts to encourage reform, innovation, and improvement of postsecondary education, including creation of institutions and programs involving new paths to career and professional training, and new combinations of academic and experimental learning.

Accomplishments in 1973: The program will seek to implement three broad strategies: (1) new educational services for new clienteles; (2) broad institutional self-renewal; and (3) diversification through new structures and missions, such as TV-based colleges, learning centers and clinics.

Objectives for 1974: In addition to continuing the strategies developed in 1973, projects will also be funded to provide for the implementation of new missions through the redirection of missions of existing institutions or the creation of new institutions; and to provide for increased openness in postsecondary education through improvement of information and information dissemination about postsecondary education, and through improvement in the areas of assessment and accreditation in the performance of individuals and institutions.

FRIDAY, MARCH 9, 1973.

NATIONAL INSTITUTE OF EDUCATION

WITNESSES

THOMAS K. GLENNAN, JR., DIRECTOR, NATIONAL INSTITUTE OF EDUCATION
EMERSON J. ELLIOTT, ACTING DEPUTY DIRECTOR
BERNARD H. MARTIN, ASSISTANT DIRECTOR FOR MANAGEMENT
JOHN W. CHRISTENSEN, BUDGET OFFICER
ERNEST RUSSELL, ASSISTANT DIRECTOR FOR ADMINISTRATION
WILMER CODY, DIRECTOR OF APPLIED STUDIES TASK FORCE
CORINNE RIEDER, DIRECTOR OF CAREER EDUCATION TASK FORCE
THOMAS CLEMENS, DIRECTOR OF FIELD INITIATED STUDIES TASK FORCE
ROBERT BINSWANGER, DIRECTOR OF EXPERIMENTAL SCHOOLS TASK FORCE
JOHN EGERMEIER, DIRECTOR OF RESEACHER TRAINING TASK FORCE
MARC TUCKER, DIRECTOR OF SPECIAL PROJECTS TASK FORCE
CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

Object Classification (in thousands of dollars)

Identification code 09-42-0296-0-1-605		1972 actual	1973 est.	1974 est.
	Personnel compensation:			
11.1	Permanent positions	....	4,348	7,614
11.3	Positions other than permanent	....	184	247
11.5	Other personnel compensation	....	17	24
	Total personnel compensation	....	4,549	7,885
12.1	Personnel benefits: Civilian	....	383	661
21.0	Travel and transportation of persons	....	472	1,115
22.0	Transportation of things	....	35	35
23.0	Rent, communications, and utilities	....	476	702
24.0	Printing and reproduction	....	113	135
25.0	Other services	....	59,438	73,655
26.0	Supplies and materials	....	51	83
31.0	Equipment	....	116	35
41.0	Grants, subsidies, and contributions	....	44,367	77,891
99.0	Total obligations	....	110,000	162,197

Personnel Summary

	1972 actual	1973 est.	1974 est.
Total number of permanent positions	....	350	422
Full-time equivalent of other positions	....	21	23
Average paid employment	....	279	428
Average GS grade	....	9.5	9.6
Average GS salary	....	$14,153	$14,518

Program and Financing (in thousands of dollars)

Identification code 09-42-0296-0-1-605		1972 actual	1973 est.	1974 est.
	Program by activities:			
	1. Research and development	....	103,180	150,735
	2. Program direction and administration	....	6,820	11,444
10	Total obligations	....	110,000	162,197
	Financing:			
	Budget authority	....	**110,000**	**162,197**
	Budget authority:			
40	Appropriation	....	92,082	162,197
42	Transferred from other accounts	....	17,918	....
43	**Appropriation (adjusted)**	....	**110,000**	**162,197**
	Relation of obligations to outlays:			
71	Obligations incurred, net	....	110,000	162,197
72	Obligated balance, start of year	....	....	67,000
74	Obligated balance, end of year	....	−67,000	−111,087
90	Outlays	....	43,000	118,110

Note.—Includes $22.272 thousand in 1974 for activities previously financed from:

	1972	*1973*
Education for the handicapped	5,150	......
Occupational, vocational, and adult education	18,000	......
Educational development	70,952	7,000
Salaries and expenses	5,456	1,772

INTRODUCTION OF THE NEW DIRECTOR

Mr. **Flood.** We will continue with the Department of Health, Education, and Welfare. Now we have the National Institute of Education. The presentation will be made by Thomas K. Glennan, Jr., the Director of the National Institute of Education.

I see, Mr. Glennan, you have a biographical sketch which we will include at this point.

[Biography follows:]

Name: Thomas K. Glennan, Jr.

Position: Director.

Birthplace and date: Los Angeles, Calif., January 18, 1935.

Education: Swarthmore College, bachelor of science, electrical engineering—1957; Massachusetts Institute of Technology, Master of Arts, Industrial Management; Stanford University, Ph. D., Economics.

EXPERIENCE

1970–72: Assistant Director, Office of Planning, Research, and Evaluation, Office of Economic Opportunity.

1969–70: Director of Research and Evaluation, Office of Planning, Research, and Evaluation, Office of Economic Opportunity.

1966–69: Research Economist, Rand Corp., Santa Monica, Calif.

1961–66: Research and Development Systems Analyst, Rand Corp., Santa Monica, Calif.

Participated in several interagency and Domestic Council planning groups, including those on the President's 1970 Education Message, welfare reform, and planning for new communities and economic development.

Publications: Author and coauthor of a number of publications on research and development, analysis of education systems, and experiments in social planning.

Memberships: American Economic Association.

Mr. **Flood.** You have some people on your staff with you whom you will call upon as you see fit. They can volunteer their contribution to this world-shattering document, if and when they wish.

Now I see you have a prepared statement. How do you want to proceed?

Mr. **Glennan.** I would like to read it for the record and perhaps extemporize a little bit at a few points in it.

Mr. **Flood.** Very well.

Mr. **Glennan.** Since this is our first opportunity to testify.

Mr. **Flood.** What do you mean by that?

Mr. **Glennan.** What I mean is——

Mr. **Flood.** You mean it is the first appearance—go ahead.

Mr. **Glennan.** It is the first appearance before this subcommittee to seek an appropriation for a new institution. The institution only recently came into existence.

Mr. **Flood.** You mean the National Institute of Education?

Mr. **Glennan.** That is right. I think as we are younger, we are more concerned with education; maybe as we get older, maybe health becomes more important.

Mr. **Flood.** Yes, that follows.

GENERAL STATEMENT

Mr. **Glennan.** Mr. Chairman, members of the subcommittee, I appreciate this opportunity to discuss the fiscal year 1974 budget request for the National Institute of Education. Because this is our first budget presentation, I'd like to take a minute to explain the planning process leading to the budget request and outline some of the issues we are facing, before summarizing our plans for fiscal year 1974.

In his March 1970, education message, President Nixon called for creation of a National Institute of Education "as a focus for educational research and experimentation in the United States." His proposal found strong bipartisan support in the Congress which, as you know, included the authorization for the Institute in the Education Amendments of 1972. Title III of that legislation "declares it to be the policy of the United States to provide every person an equal opportunity to receive an education of high quality, regardless of his race, color, religion, national origin, or social class." The act then establishes NIE to assist in the implementation of this policy by—helping to solve or alleviate the problems of and achieve the objectives of American education; advancing the practice of education as an art, science, and profession; strengthening the scientific and technological foundations of education; and building an effective education research and development system.

Planning for the NIE began shortly after the President's message was delivered, exactly 3 years ago this month and proceeded simultaneously with the congressional debate. A planning unit was created about 2 years ago to suggest appropriate research and development strategies for NIE. It secured contributions from a wide variety of sources, including representatives of various academic disciplines, practitioners, and interest groups concerned with education. Formal planning papers commissioned by this unit, testimony presented during congressional hearings on NIE, and conversations the NIE staff and I have had with numerous individuals and groups concerned about education have formed the basis for the budget we are presenting today.

CHALLENGES SURROUNDING THE INSTITUTE'S ACTIVITIES

NIE faces several issues during its formative period which will be challenges to meet over the first years of its existence. I think they will be vexing issues. The most serious problem we are facing is, of course, the establishment and functioning of the National Council on Educational Research, the 15-member body legislatively required to formulate overall policies for the Institute. Finding men and women both of the caliber we need and able to give the necessary time to the institute's business has been enormously difficult. We think this Council now is very close to being named but, of course, its guidance is not reflected in this budget request nor in the activities of the Institute to date. The budget request, then, represents essentially the staff recommendations that will be presented to the Council; NIE activities to date have been circumspect as to provide the Council as much flexibility as possible while insuring the orderly administration of activities transferred to us from the Office of Education. We have honored the Government's commitments, acted to prevent loss of major Government investments from prior years, and continued or modified essential activities conducted.

A second issue about which I am most concerned is that the Institute be built on an open, participatory planning process that reflects the interests and needs of researchers, teachers and administrators, parents, policymakers, and all others concerned about education. These constituent groups, however, will have very diverse ideas about what the most critical problems of American education are and which are most deserving of attention from NIE. The challenge we must meet, therefore, is to avoid the temptation to spread ourselves too thin in an attempt to try to please everyone. We must find a way to provide priorities in our activities.

I am also concerned that we avoid the temptation to beat the clock, to succumb to demands to produce immediate, flashy results. The social problems of this country cry out for immediate solutions, solutions that government at all levels in the past has attempted to provide by hastily mounting incompletely conceived programs on the basis of sloppy or, frequently, nonexistent scholarship. As a result, I am afraid, social science research generally and education research in particular have gained a bad name. And this, in turn, poses a significant problem for the Institute and for the Congress. We at the Institute must help the Congress and policymakers in the executive branch restore a belief that research and development on education can lead to solutions of problems, yet NIE must also avoid promising too much speed in finding those solutions. Our challenge in these initial years is to foster credibility with the segments of society that hold so much hope for education, while at the same time provide you and others an awareness of the limitations of education research. Perhaps that awareness is all too strong, already.

And, finally, I'd like to ask your understanding when some of our developments appear less than totally successful. We are very aware of the findings of Christopher Jencks and of others who have reanalyzed the Coleman data, and of the popular conclusion that schools haven't been successful in overcoming many of this country's social problems. Nevertheless, we continue to believe that schools frequently do make a difference and that generally they can make a difference. The truth of the matter is that we are not entirely sure why the analysis of the 1960's produced the results they did. It may be that the measures that were used were inappropriate or inadequate. It may be that the programs being tested were weak. It may be that the data sources were biased or suffered from other methodological problems. Or it may be that treatments planned by the program developers simply were not implemented correctly in the classroom. Therefore, the institute will emphasize efforts to develop methodological techniques to get at those possible problems, so that we can improve our understanding of why programs seem to work and why they seem not to work. We hope, in sum, to learn more about how to learn from our apparent failures.

FISCAL 1974 BUDGET REQUEST

The Congress has appropriated $92 million for NIE in the present fiscal year and another $18 million is pending in the 1973 Labor-HEW appropriations bill. The budget before you today indicates a 1973 level of $145.3 million, the level comparable to the 1974 request when the additional programs to be transferred from the Office of Education and the Office of Economic Opportunity are included. The institute's authorized staff level for fiscal year 1973 is 350 full-time permanent positions; at this time, about 225 of these positions have been filled. A substantial recruitment effort is underway and we are particularly looking for individuals with substantial capability for designing and conducting research. The institute is temporarily housed at Seventh and D Streets, SW., in Washington, and we are negotiating for more adequate temporary quarters elsewhere in the city.

The institute's fiscal year 1973 activities have emphasized two efforts to assure that our legislative directive is fulfilled: A careful review of all the transferred programs to determine their purpose, present status, relationship to research and development, and possible requirements for revision; and a series of exploratory studies into new problem areas consistent with the purposes in the law to determine if new research and development programs are required.

Before discussing the specifics of our 1974 budget request, I'd also like to note that it reflects congressional concern that NIE funds be available for longer than the typical 1-year period. In drafting the legislation authorizing NIE, the Senate Subcommittee on Education noted that no-year funds would "* * * eliminate the annual rush to spend funds remaining at the end of the fiscal year, which has too often in the past encouraged the funding of weak and ill-planned projects." Inclusion of appropriation language allowing funds to remain available for 2 years addresses this concern and the Institute's belief that 2-year authority will improve its ability to manage discretionary research and development funds.

NIE's activities planned for fiscal year 1974 fall into three general categories: basic studies, research and development and utilization systems and programmatic research and development.

BASIC STUDIES

The basic studies activities, for which $32.4 million is requested, are designed to achieve the legislative objective of strengthening the scientific and technological foundations of education. Thus, the programs included under basic studies will focus on developing knowledge, defining educational problems with greater precision, and analyzing alternatives for policymakers. These efforts generally represent basic research; no large demonstrations or developmental activities are included. The research is intended to generate information and approaches that could ultimately lead to solutions for specific educational problems. Basic studies fall into two general subcategories: field-initiated and exploratory studies. The field-initiated program is designed to enable NIE to respond to and support the ideas and expertise of scholars in the field through grants and contracts. Proposals in this national competition will be evaluated by both NIE staff and panels of nongovernment experts before the Institute makes the final award. Exploratory studies, directed by the NIE staff, will inquire into the nature and dimension of problems emerging from NIE's planning studies; review the experiences of other countries, where appropriate; and develop suggestions for further research and development strategies. Possible subjects for these exploratory studies include educational goals, reading, school finance, higher education alternatives, and curriculum and instruction processes.

RESEARCH AND DEVELOPMENT AND UTILIZATION SYSTEMS

Some $13.6 million is being requested for the second area, the research and development and utilization systems which addresses the legislative directive to build an effective education R. & D. system. By this, we mean a system that combines people, institutions, and procedures in a way that results in high quality research, and which facilitates the use of scientific knowledge and other R. & D. products to improve education and learning. Moreover, it must respond to the needs of students, teachers, administrators, school boards, and others involved in the day-to-day business of learning. A series of studies is planned to determine appropriate NIE policies and programs for, (a) attracting high-quality people into education-related research and development and (b) developing support systems necessary to enhance their work. We also are convening a panel to advise NIE on the nature of educational reform, the factors that promote or inhibit sustained reform, and the way these findings can improve the dissemination and utilization process. The panel will include persons familiar with public policy, communications, research utilization, marketing, economics, organization development, and the practice of education. Additionally, the NIE will continue to fund activities transferred from the Office of Education to disseminate research findings to the field.

PROGRAMATIC RESEARCH AND DEVELOPMENT

Finally, about $104.8 million is requested for programatic research and development activities, intended to implement the legislative directive for "helping to solve or alleviate the problems of, and advance the objectives of, American education." All the programs, therefore, focus on specific problem areas. They are almost all "developmental" or "demonstration" programs and are usually fairly large in scope. Their purpose is to develop specific solutions to problems or to improve educational practice. Most of the programs transferred from the Office of Education are included in this category: For example, the category called "relationship between learning and work" includes costs associated with the career education model development program. Additionally, included in NIE's category "school initiated experiments" are funds to support both the District of Columbia schools project and the experimental schools program (both transferred from O.E.) and the voucher experiment being transferred from OEO. Also supported in this section of the budget are a large number of projects administered by the educational laboratories and research and development centers (again, transferred from O.E.). The exploratory studies, mentioned above, may lead to new developmental efforts or to redirection of existing efforts.

Ladies and gentlemen, I thank you for your time, and will be glad to answer any questions you may have.

CREATION OF AGENCY BY CONGRESS

Mr. FLOOD. Dr. Glennan, the National Institute of Education was created last year by the Education Amendments of 1972, as you say. So Congress gave birth to it. Now by law the agency receives direction and supervision from the Assistant Secretary for Education.

These things are always very fuzzy. Would you describe how this works? Is the Assistant Secretary looking over your shoulder, breathing down your neck; do you operate independently or what?

RELATIONSHIP BETWEEN DIRECTOR AND ASSISTANT SECRETARY

Mr. GLENNAN. I think Dr. Marland indicated that this is an evolving process.

Mr. FLOOD. This is new?

Mr. GLENNAN. It is going to depend very much on the personalities of the people who are involved.

I think that the legislative history, particularly the history in the confirmation hearings for Dr. Marland, suggest that he be primarily responsible for the coordination of the development of the policies of the Institute and of the Office of Education. One of the major functions that he is now performing and will perform is that coordination. It is terribly important for the Assistant Secretary for Education to see that there is a continued and effective relationship between what the National Institute of Education does and what the Office of Education does.

The relationship between Dr. Marland and myself has been cordial and close and consultative similar to what he has had in the past with other people who have worked for him.

Mr. FLOOD. Are you climbing into an ivory tower? Are you getting remote up there in those higher altitudes?

We are getting concerned about that.

Mr. GLENNAN. I hope to not get totally remote, although for some parts of our program there probably is some remoteness. But for most of the program we hope to be very close, in fact, to practice, to be dealing in school systems, in fact; to be dealing in fact with what practitioners and teachers are doing, to be very, very close to the field, to be dealing with the administrative structures and in fact dealing with the formation of educational policy.

Certainly most of my time so far has been spent with that group of people as opposed to the research community. There is a delicate balance that needs to be struck, it seems to me, in research: on one hand to try to stand a little bit back from the current battles, abstractly, thinking things through fairly clearly; and, on the other, to be relevant to those battles and improve the quality of education in this instance.

Mr. FLOOD. Well, you stated the premise.

Mr. GLENNAN. Yes, that is a premise.

NATIONAL COUNCIL FOR EDUCATIONAL RESEARCH

Mr. FLOOD. Now the basic law creating the Institute also provides for the establishment of a National Council for Educational Research.

In your statement you indicate that the Council has not yet been appointed.

That being the case, does not that mere fact render all of this testimony of yours here this morning somewhat fruitless?

Mr. GLENNAN. I hope it will not be fruitless.

Mr. FLOOD. Take a look at page 154 of your budget justifications. You will find a list there of new activities in the area of career education.

But suppose this Council, when it is set up, finally decide that career education is not a priority area and that is the end of that. What happens then?

Mr. Glennan. Absolutely. I think we make very clear in both my statement and in the justification material that this has to be tentative.

Mr. Flood. What is that?

Mr. Glennan. Has to be viewed as a tentative document; that it is not the usual kind of material that comes before you.

When the Council is appointed, and I hope it is appointed within the next week, we must assure you, before you take final action, that in fact this justification represents what they come to approve. I do not believe it can be viewed in the same light as most of the justification material coming forward to you at this time.

In that case it may in fact be fruitless. We hope, of course, that the staff recommendations to the Council are accepted, but that is up to them.

Mr. Flood. Did you say the Council will be appointed next week?

COUNCIL TO BE APPOINTED SOON

Mr. Glennan. I think the National Council on Educational Research will be appointed next week.

Mr. Flood. That will be good.

Mr. Glennan. They keep telling me that.

Mr. Flood. That is the point I am trying to make.

Mr. Glennan. There is, I think, an important point—we believe that substantial parts of the actively associated with this fiscal year, and which do imply some continuation——

Mr. Flood. You mean the current fiscal year 1973?

Mr. Glennan. Current year, and do imply some activities in the subsequent year, that there is within the authorizing legislation a requirement for the director—the director, himself—to try to see that there is an orderly transition made. But I think with respect to a statement like new activities in career education that you are clearly correct; all this can be is our recommendation to the Council as to what we think ought to happen. I do not believe this document can say to you that that is what is going to happen.

DIRECTOR'S BACKGROUND

Mr. Flood. You were born in Los Angeles?

Mr. Glennan. Born in Los Angeles.

Mr. Flood. How did you get over to Swarthmore?

Mr. Gelnnan. That is a long and complicated story. But my father had a teacher at Case Institute of Technology who was from that Quaker part of the country and said, you ought to go take a look at it.

Mr. Flood. It is fine, a fine place. I know Swarthmore.

Mr. Glennan. He liked it.

Mr. Flood. Yes, it is marvelous.

I can imagine you wandering around the very attractive campus at Swarthmore in your junior year, and here you are a few years later and you are talking to us about, imagine this, imagine just a few years later you are here for a budget request of $162 million.

Why, you never saw figures that size at Swarthmore unless they were going by on a boxcar.

Mr. Glennan. You had better believe it.

Mr. Flood. $162 million; there you are, there you sit; boy, 462 jobs. That would shake those Quakers, would it not?

Mr. Glennan. I think there are a lot of people that are surprised.

Mr. Flood. I do not mean Shakers, but Quakers.

Mr. Glennan. Quakers would never put themselves out of existence.

Mr. Flood. I know.

TRANSFERS TO THE INSTITUTE FROM OTHER AGENCIES

How much of this relates to activities—you should know—to be transferred from OEO and how much relates to project previously handled by the Office of Education?

Mr. Glennan. Well, the budget for 1974 contemplates transfers of programs which would have budget requests totaling about $23 million from OEO and the rest of it then would be related to programs coming from the Office of Education and our own program initiatives.

Mr. Flood. You have 15 people—the Director of Applied Studies Task Force, Director of Career Education Task Force, Director of Field-Initiated Studies, Director of Experimental Schools Task Force, Director of Research, and so on, like the litany of the saints.

Think of all the time they must think we are wasting sitting in those chairs back there, just looking at my mustache, instead of the many things they should be doing this morning. I guess they have to do it.

Mr. Glennan. They view it as a fairly important process.

CONTINUATION OF PROJECTS PREVIOUSLY SUPPORTED

Mr. Flood. Do you expect to continue most of these so-called outgoing projects acquired from the Office of Education? Quite a flock of them. Or will they be phased out?

Mr. Glennan. We have tried to look at each one very individually. We inherited a lot of programs in the regional laboratories and research and development centers. Following a procedure that had been initiated by the Office of Education, we broke up those activities into individually fairly well-defined program components; and looked at each one, with the help of outside people, to make judgments about both the technical quality and relevance to educational practice. Then, we proceeded to make judgments as to whether to phase them out or give them strong assurances of continuation and so forth based upon that assessment of their value.

There were 68 programs considered; 11 of them were phased out or are being phased out; another five were new programs that we simply were not ready to undertake in part because the council was not ready, and we were not ready to launch into new things until we knew more about it.

In some cases where they were very solid and very good, they were given 3-year contracts, so they could plan for a systematic effort. In other cases we said we had doubts about their technical quality, but they were specific ones, ones we could deal with, and we will look at them again after a year.

We tried to take a responsible position with respect to phasing things out or continuing them. We have done the same thing with respect to the career education programs. They were by and large newer programs and most of what we have done there is to give them some redirection, some change, some tightening up.

Sometimes we started with too loose a definition. We hope we have been able to tighten it up and make the work something that we think is both relevant and something we can manage.

DISSEMINATION OF RESEARCH AND DEVELOPMENT FINDINGS

In the area of dissemination activities——

Mr. FLOOD. I was going to ask you about that. There you are, finally you have a council, you hope, and finally the mountain will labor and bring forth a collection of mice of all kinds. That is the R. & D. effort people.

What is your current plan there for disseminating this research? Will this be entirely the responsibility of the institute or will the Office of Education itself continue to be part of the dissemination effort?

Mr. GLENNAN. The institute has as a minimum, I think, a responsibility to make sure that all of what it does is at least accessible to the public. That is a minimum responsibility. Beyond that, where there are good practices, both ones it has developed itself and ones that it finds in the course of its investigation in the field, it has a responsibility, for trying to get to the practitioner, the user, the potential user of these results, information both on the effects of adopting such programs or procedures and also some of the side consequences. That is: Is the program an easy thing or a difficult thing to implement?

That process of getting that information can go any of a number of ways, it seems to me. It can be a specific NIE program. It can be done with the help of one or another part of the Office of Education which has, say in the case of the career education program, some discretionary funds, or at least the requested discretionary funds to help continue exemplary practices or get those practices in career education instituted. It can proceed with the help of the State Departments of Education, which very frequently established extensive mechanisms for answering queries of practitioners, finding ways of getting information to practitioners. It can proceed with direct relationships with local education. I think it is a very complex matter and requires the participation of all these elements, not just the Institute. Because of that, we have made a particular effort in these first months to begin to get some thinking going that looks at it across all those interested groups, not just the Institute, not just the ERIC system, for example, which I think is a necessary component but not sufficient.

EXPERIMENTAL SCHOOLS

Mr. FLOOD. You see we sit here year after year after year, see an array of this talent, enthusiasts, special pleaders sit where you are sitting. Specifically, over the last several years, your predecessors have been beating their breasts about experimental schools.

Now the budget proposes to phase out experimental schools.

Mr. GLENNAN. No, I think that is not really a fair statement.

Mr. FLOOD. What brought about the change in priority anyhow?

Mr. GLENNAN. The experimental schools program is a program which provides support for school systems over a 5-year period. We have now in place six major efforts, with large communities and a number of smaller efforts in rural communities, which have indeed 5-year lifetimes.

It is our intent to continue those but to try and learn from those experiences before we go and commit a whole new set of resources to other sites. Our 1973 budget provides for the funding of the initial three sites and the 1974 budget completes the funding for the subsequent sites. We honor our commitment to those communities and we see what it is we get out of them, out of that experience. We said from the beginning, that it takes time for a local school organization to adopt new innovations, to change its organization, to develop the relationship with the community, and so forth.

It was my feeling on reviewing the program that we ought not to start new things until we had a better chance to understand what is going on in the current program. So I do not view this as a phasing out of that activity; we will continue what we have started, we will try and enhance our capacity through evaluation of other kinds of studies to understand what is happening; but I do not think we want to go establish new systems, new sites, until we have a better understanding of what it is we have wrought so far.

FUNDING INCREASE

Mr. FLOOD. In the state of the Union message on human resources which the President sent to Congress last Thursday, he stated, and I quote:

"Funding for NIE will increase by almost 50 percent in the fiscal year 1974, reaching $162 million."

Well, can you explain how this 50 percent figure was computed?

The figures in your justification show an increase of 11.6 percent. What about that?

Mr. GLENNAN. I think the way in which it is computed is very clear.

Mr. FLOOD. Something funny happened on the way to the forum?

Mr. GLENNAN. No. I think it is straightforward.

Mr. FLOOD. It is what?

Mr. GLENNAN. It is straightforward, all right.

Mr. FLOOD. What do you mean, straightforward?

Mr. GLENNAN. The amount of money that is definitely appropriated to the Institute as of this moment of time is $92 million. The request in the HEW-Labor bill would bring that to a total of $110 million. That is the base that we are using.

The amount requested for our appropriation for 1974 is $162 million. That is very close to a 50-percent increase. It is, however, made up of the continuation of, or in some cases expansion of, programs that are transferred from other places. So if you are to look Government-wide, then I do not think there is an increase of 50 percent.

In terms of the resources that they are proposing to have the Institute directly responsible for, however, it is a 50-percent increase.

Mr. FLOOD. Your justifications show about 11.6 percent.

Mr. GLENNAN. That is right, because we tried to provide the comparable figures. I am not currently responsible for the $145 million that is shown in fiscal 1973. It has not yet all been transferred to the Institute. Approximately $35 million of that is still the responsibility of either the Office of Economic Opportunity or the National Center for Educational Technology in the Office of Education.

MULTIYEAR FUNDING REQUEST

Mr. Flood. All right. You made quite a point of this next item in your statement. You are requesting special appropriation language. That is not our favorite thing around here.

Mr. Glennan. So I understand.

Mr. Miller. But not point of order language, Mr. Chairman.

Mr. Flood. To allow these funds to remain available until June of 1975?

Mr. Glennan. Yes.

Mr. Flood. You know, agencies sometimes ask for this kind of authority. I have seen that happen, when they do not know how the funds will be used, believe it or not. Why do you want this?

Mr. Glennan. I can only talk from my own experience with research at the Office of Economic Opportunity.

We tried very hard, during the time I was there, to move the award dates forward so that we would not get into this end-of-the-year crunch that I think everybody is concerned about, and which, I believe, frequently leads to less than desirable results.

But what I found happening was that it takes an uncertain length of time to create good research designs.

I would find that I put a staff person on the problem of creating a request for a proposal or creating a research design; started in what I thought was plenty of time, say in the previous September, so there might be something by Christmas that was ready to go out. But when we reviewed that design we found it less than satisfactory. Therefore, we sent it back to the drawing boards. We knew what we wanted to do, but we were unhappy with the way in which it was being done.

We think that is a quite regular part of any research and development activity, and that a sensibly managed research and development activity allows you to take the time until you are quite sure that you have the right methods or the right way of specifying the problem. We have problems when the resources disappear at the end of a fiscal year and are inclined not to take that last iteration to make the plan right. Come February you have a design that is almost where you want it to be, and you say go ahead and do it. I would prefer as a research person to go through one more iteration that might make the award of that contract let's say in July or August, which we cannot do with 1-year financing.

FUNDING IN NATIONAL INSTITUTES OF HEALTH COMPARED WITH NIE

Mr. Flood. How many years have you been around?

Mr. Glennan. Three years in OEO.

Mr. Flood. Ever hear of NIH?

Mr. Glennan. Yes.

Mr. Flood. Quite an outfit.

Mr. Glennan. It is.

Mr. **Flood.** It has been around quite a while, the National Institutes of Health. They have gotten along pretty well, for all these years, without wanting this type of authority.

Mr. **Glennan.** Well, I give two answers for that: first, they have carried on basic research that is largely field initiated, at least in the past they have. They are changing now. However, when you are reacting to what people suggest without trying to design it yourself, you can, in fact, do pretty well with 1-year appropriation. I am not saying to you that we cannot, either. That is not the point I am making.

If you say 1 year, we will function and I think we will function better than we have functioned in the past in the Office of Education.

Mr. **Flood.** That is nice.

Mr. **Glennan.** But I am saying it is better practice to be able to have this flexibility.

Mr. **Miller.** Mr. Chairman, when the new Cancer Act was passed and the Cancer Institute stepped up its activities by the kind of increase that is requested here for the National Institute of Education, they, too, requested language that would give them money over a 2-year period, and the Congress granted it. So even though now the NIH is an established and ongoing operation and can handle funds within 1 year, when they have a significant development they did request 2-year language.

Mr. **Flood.** Mr. Michel?

1973 APPROPRIATION

Mr. **Michel.** Mr. Glennan, may I refer you first to page 5, first line on that page, in which you say the Congress appropriated $92 million for NIE in the present fical year, 1973, and another $18 million is pending in the 1973 Labor-HEW appropriation bill.

Is one making reference to a continuing resolution?

Mr. **Glennan.** No. We were making reference there, when this was written, to the bill that had been submitted.

Mr. **Miller.** I think the answer to Mr. Michel's question is yes.

I assume that you are referring to the fact that part of the money that is in your base and is being transferred is in the vetoed bill and is covered by the continuing resolution.

Mr. **Michel.** Yes. We have two vetoed bills, which means we are operating under a continuing resolution for the $92 million, supposedly——

Mr. **Glennan.** No, the $92 million was in the supplemental. We have $92 million.

Mr. **Michel.** That is right.

Mr. **Glennan.** The $18 million is in that vetoed bill.

RESPONSIBILITIES OF NATIONAL COUNCIL

Mr. **Michel.** Would you spell out for the record the responsibilities of the National Council on Educational Research as required by the amendments of 1972?

Mr. **Glennan.** The legislation in fact is very clear on the set of activities.

The most important one I think is the first one in the legislation, which says it establishes general policies for and reviews the conduct of the Institute. That is, I think, the really significant portion. The rest of them are largely advisory kinds of activities: to advise the Assistant Secretary and the Director of the Institute on development of programs to be carried out by the Institute, present to the Assistant Secretary and Director such recommendations as it may deem appropriate for strengthening of eduaction research, improvement of methods of collecting and disseminating the findings of educational research and insuring the implementation of educational renewal and reform based upon the findings of educational research; conduct such studies as may be necessary to fulfill its functions, prepare an annual report to the Assistant Secretary on the current status and needs of educational research in the United States.

They submit an annual report to the President on the activities of the Institute. So it is typically advisory in many ways.

Mr. Michel. How can you start the programs you are without the Council in place?

Mr. Glennan. We have not started, I think it is fair to say, any programs. We have continued existing ones as we felt prudent, in order to prevent the loss of government investment or just chaos, generally.

We do not believe that we can initiate new programs without the Council being in place and having provided that general policy guidance that is required.

Mr. Michel. Having come in late here, is there any specific timetable, any date you have been talking about here?

Mr. Glennan. I have been given to believe that next week is a good time.

TRANSFER OF PROGRAMS

Mr. Michel. All right. Specifically what programs have been transferred from the Office of Education to NIE?

Mr. Glennan. The programs that were transferred from the Office of Education to the National Institute of Education——

Mr. Michel. Is it a lengthy list?

Mr. Glennan. It is a fairly long one.

Mr. Michel. Provide a list for the record, the amounts, funds, as well as some indication of what other types of obligations might have come along with these programs; can you do that?

Mr. Glennan. Sure.

[The list follows:]

Programs transferred from the Office of Education to the National Institute of Education

[1972 Office of Education funding level for transferred programs]

Programs transferred on August 1, 1972:	
Experimental schools	$15,000,000
Educational laboratories and R. & D. centers	32,100,000
Career education model development and special projects	19,900,000
Dissemination	7,600,000
District of Columbia schools project	2,250,000
Educational research and development	12,000,000
Special handicapped research projects	5,150,000
Total	94,000,000

PROPORTION OF TRANSFERRED PROGRAMS

Mr. **Michel**. What portion of your total program now and what portion of your budget is made up of transfers and what portion is new?

Mr. **Glennan**. That is a fairly difficult question to answer.

I suppose in the current fiscal year, you would have to say that everything we have is made up of transfers. In the next fiscal year—well, I do not know.

Mr. **Elliott**. For fiscal 1974 the current estimate for programs that have been moved over from OEO and from the Office of Education is $98 million for what we call noncompeting continuations, that is those cases where the Government either has a contractual agreement or some kind of a continuation requirement which must be made, and we have made an estimate of $98 million for those programs.

We have another group of $28 million in programs which will permit the continuation of last year's level of activity for those things not included in the previous category.

Then finally, $25 million in new activities. But even the new activities would include possible expansions, if the Council and Director make that determination, of some ongoing work.

TRANSFERRED POSITIONS

Mr. **Michel**. Now in these transfers, are there any people involved?

Mr. **Glennan**. Yes. The transfers from the Office of Education last August involved approximately 80 people. Contemplated to be transferred from the National Center for Educational Technology in the Office of Education are approximately another 20 people. The transfer from the Office of Economic Opportunity will involve about 40 people.

Mr. **Michel**. Are they going to transfer in the same grade?

Mr. **Glennan**. They transfer in all cases that I know of in the same grade, yes.

Mr. **Michel**. Do you want to then fill out the record here, to the best of your knowledge on this day, March 9, and list those persons, or the number of people that have been transferred and in what grade?

Mr. **Glennan**. Sure, we can do that.

[The information follows:]

PERSONNEL AND GRADES TRANSFERRED TO NIE AS OF MARCH 9, 1973

Below is the number of people, by civil service grade, transferred on August 1, 1972, from the Office of Education to the National Institute of Education. No personnel has been transferred from Office of Economic Opportunity. There is a proposed transfer during 1974.

Current grade:	*Total number*
GS-3	2
GS-4	2
GS-5	5
GS-6	6
GS-7	4
GS-8	1
GS-9	4
GS-11	2
GS-12	1
GS-13	16
GS-14	20
GS-15	15
Total	78

SUPPORT OF LABORATORIES AND CENTERS

Mr. **Michel**. Would you give us some explanation of your policy of shifting support for the educational laboratories and centers from an institutional basis to procurement of specific programs?

Mr. **Glennan**. I think over the years of the existence of the educational laboratories and research and development centers there has been a series of evaluations that have been less than fully complementary.

Mr. **Michel**. Whose evaluations?

Mr. **Glennan**. A series of outside panels who have examined the laboratories; additionally, there were individuals who at one time or another looked at one or another program. They found strong points and they found weak points.

Mr. **Michel**. Were those evaluations funded by the Federal Government?

Mr. **Glennan**. They were; yes, sir.

But beyond that, we thought that institutional support was an important element of starting an activity, of beginning to put it together, of giving an individual and a small staff a chance to get started without having to continually write new proposals; but that after a period of 6 or 8 years, if the institutions were good, those laboratories and centers which had successfully built a cadre of individuals capable of producing good work, ought to be able to compete like anybody else for future support by the Institute.

In other words, we felt it was time for us to move toward a situation in which we looked at each product on its own merits and we attempted to bring a tighter kind of control into the process of monitoring what was going on than occurred when it was an institutionally supported activity. So the transition, I think, really represents a move that says: The time for institution building has come to an end and those institutions which really were built will succeed and we are quite confident that they will succeed, and there is quite a few of them that are going to and those that did not make it, maybe it is time for us to cut the strings.

OEO VOUCHER EXPERIMENT

Mr. **Michel**. How about that voucher experiment that was transferred from OEO? Do you know anything more about that than what we have asked in the past of various witnesses who have come before us?

Mr. **Glennan**. Well, I have not personally visited that site recently. I have talked, of course, with the people who are running the program.

As you know, the initial site is a quite small activity and limited to an in-school system. The word that I get back from that site and from people who have been participating in the evaluation activities is that it is quite an exciting project; that there is considerable enthusiasm on the part of many, many sectors of that community, including the teachers who have been, nationally, opposed to the experiment. The local teachers seem to be really quite enthusiastic about what is going on there.

It is the intent of that site to expand the activity to an additional four to six schools.

Mr. MICHEL. Would you for the sake of the record here draw a little bit more clearly the basic outline of that program?

Mr. GLENNAN. Yes.

[The information follows:]

BASIC OUTLINE OF EDUCATION VOUCHER EXPERIMENT

As designed by the Office of Economic Opportunity, the educational voucher system experiment is to test the concept of a competitive educational marketplace and a new form of educational funding. Under this experiment, parents are allowed to select from a set of alternatives the education programs in the school which they have chosen for their children. The school selected receives the voucher which is then redeemable from a central administrative office. The voucher is worth roughly the per pupil cost of education in the community. The experiment is designed to determine what are the characteristics of schools which have been selected by parents, from a set of alternatives, for their children's attendance and parents' satisfaction with those alternatives. OEO's plans projected four full sites (each involving 8,000 to 12,000 students) over a period of 7 to 8 years.

To date, one site is operational, the Alum Rock Union School District located in San Jose, Calif. In its first academic year (1972–73), six school buildings comprised of 22 mini-schools representing differing educational alternatives and nearly 4,000 students are involved. Alum Rock has proposed that the project be expanded in the 1973–74 academic year to include 13 schools and 9,000 students.

Mr. MICHEL. You say six additional schools?

Mr. GLENNAN. We began with six school buildings and about 4,000 kids and are adding four to six more, which would presumably double that.

The total number of schools now is something like 23.

Mr. MICHEL. Does that mean we double the Federal expenditure for the experiment?

Mr. GLENNAN. I guess it probably does, but I would have to provide that.

Mr. MICHEL. Let's not have any guessing.

You put in the record what we have spent to date on that, what is contemplated in an increased amount and for what purposes?

Mr. GLENNAN. Right.

[The information follows:]

FUNDING OF EDUCATION VOUCHER EXPERIMENT

To date, $3,764,000 has been spent on the education voucher program.

Future funding of voucher projects will, of course, be determined by the National Institute of Education after the program has been transferred from the Office of Economic Opportunity (OEO). However, a number of significant variables affect cost: the number of schools involved, the number of children eligible for "compensatory" vouchers, the modernity of the school district's management procedures.

Mr. MICHEL. And review very briefly how long it has been under way, what the original time frame was for completing the experiments, and whether we are on target. Most important, what are we getting from it, what are we realizing, what are we recognizing from it that will help us in the future?

Mr. GLENNAN. Very well.

[The information follows:]

EDUCATION VOUCHER EXPERIMENT

In December of 1969, the Office of Economic Opportunity commissioned a study to identify ways and means of making education more responsive, accountable and effective by testing institutional changes in school financing. However, the first operational site didn't begin until September, 1972, at Alum Rock School District located in San Jose, Calif. OEO's original voucher plans called for projects to be funded from five to eight years.

It is too early to reach definitive conclusions about the impact of vouchers. Evaluation information at this date is largely restricted to anecdotal information and preliminary tabulations of teacher, parent and community surveys. Although significant results will not appear until the second year of the demonstration project, certain early facts are interesting. For example, of all parents in the demonstration with more than one child of school age, a substantial proportion appear to have chosen different mini-schools for different children. This reveals a high degree of parental interest, and a serious effort on the part of parents to match their children with what they think is the "best" education. In addition, we believe that a number of important developments are occurring: parent and teacher satisfaction is high, student vandalism has decreased, and the district interest in expansion is an important indication of strong community support.

CAREER EDUCATION

Mr. MICHEL. What will be NIE's role with respect to career education?

Mr. GLENNAN. Well, we will have a very significant role with respect to career education.

We are requesting a level of funding, or at least the request to the Council for career education, is $26 million. The major efforts, the bulk of those efforts up to now have been the development of four models relating to the delivery of career education: they are an in-school model; an employer-based model, heavily relying upon experience in work places; a home-based model, which is the delivery of career education services, materials and information to people who are home-based; and finally, a residentially based system.

As we move into the future——

Mr. MICHEL. Can you tell us in the record where these are?

Mr. GLENNAN. Yes.

[The information follows:]

LOCATION OF CAREER EDUCATION MODELS

MODEL I: SCHOOL-BASED MODEL

Contractor: Center for Vocational and Technical Education, Ohio State University, Columbus, Ohio.

Sites of local education agencies:
Belmont School District, Los Angeles, Calif.,
Jefferson County School District, Lakewood, Colo.,
Highschools in Atlanta, Ga.,
Hackensack, N.J.,
Mesa, Ariz., and
Pontiac, Mich.

MODEL II: EMPLOYER-BASED MODEL

Contractor: Research for Better Schools, Inc., Philadelphia, Pa. Site is located in Philadelphia, Pa.

Contractor: Appalachia Educational Laboratory, Inc., Charleston, W.Va. Site is located in Charleston, W.Va.

Contractor: Far West Laboratory for Educational Research and Development, Oakland, Calif. Site is located in Oakland, Calif.

Contractor: Northwest Regional Educational Laboratory, Portland, Oreg. Site is located in Tigard, Oreg.

MODEL III: HOME/COMMUNITY-BASED MODEL

Contractor: Education Development Center, Newton, Mass. Site is located in Providence, R.I.

MODEL IV: RESIDENTIAL-BASED MODEL

Contractor: Mountain Plains Education and Economic Development Program, Inc., Glasgow Air Force Base, Glasgow, Mont. Site is located at Glasgow Air Force Base.

Mr. GLENNAN. As we move into the future, I think we should try to narrow somewhat our focus. I think career education as Dr. Marland has conceived it, as a national movement, has been very broad. We think for the purposes of a research activity, we have to try to be narrow, we have to pick out some areas that we think are priorities. So we are recommending to the Council that in the first place we make it very clear that the concern in career education is providing individuals with the knowledge, attitudes, and skills to help them better interact with the labor market, with the economic sector; and in the second place we have said that there are two major age groups of people we are concerned with.

We are concerned with adolescents, people going through the transition from school to work; we are concerned with how to improve that transition to make it more effective, both from the point of view of the students themselves, and from the point of view of the employers with whom they would affiliate.

The second group of people we are very concerned about is mid-career people who either are reentering the labor market, as is the case with housewives, or who are seeking to change their careers in some way, ways in which the educational system and career education in general can facilitate that reentry or that career change.

How can we, in effect, make that better for the individual and better for the labor market as a whole?

Mr. MICHEL. Is each of these four models at the top of the aid spectrum, or is each one confined?

Mr. GLENNAN. The models that we have I think vary. Each one of them is different. The school-based models are kindergarten through grade 12, dealing with career awareness for elementary schoolchildren or some skill development for late secondary schoolchildren.

The employer-based model is very clearly a secondary school-oriented activity.

The home-based model is aimed both at adolescents and adults, but people who can interact or expect to interact quickly with the labor market.

Finally, the residential program is a family-oriented program for adults, but includes families as a part of it. The entire family is moved to the Air Force base and participates in various types of training.

HIGHER EDUCATION MODELS

Mr. MICHEL. You have no model for higher education?

Mr. GLENNAN. There is not as yet a model confined to higher education. People are talking to us about such a model.

Mr. MICHEL. What is the one Secretary Marland made reference to with respect to Columbia University, funded in part or in whole?

Mr. GLENNAN. That is a gleam in somebody's eye. It is not yet funded.

Mr. MICHEL. It is a multimillion-dollar dream?

Mr. GLENNAN. I have seen no proposal and I know of no proposal that has come to us. I think it is a possibility that Dr. Marland has talked about with Columbia, but we have heard nothing about it. It is not at all clear to me that it would be a research program.

Mr. MICHEL. We have not yet given an infusion of Federal dollars to this?

Mr. GLENNAN. No.

Mr. MICHEL. Could we check that one a little bit with other witnesses around here? My understanding of the testimony of Dr. Marland—as a matter of fact, I think it was Mr. Conte, over here, who raised the question—is that it was a significant amount of money.

Mr. GLENNAN. I think I can clarify it, since I was sitting here.

The question came up in connection with the funds for the advancement of postsecondary education. Mr. Conte or perhaps Chairman Flood asked for examples of the kinds of programs that would be supported by the fund for advancement of postsecondary education.

There were two types of programs that might be supported. One of them was, I believe, the Minneapolis program, and the other that Dr. Marland mentioned was the Columbia program. I think there was some confusion about the amount of money, because I think in the interchange down at that end of the table the $10 million for the fund, Mr. Conte felt it was totally associated with Columbia, and he was quite concerned. I do not believe there has been any discussion in any depth about funds for Columbia. There certainly has not been any grant or contract made out of our operation.

Mr. MICHEL. You stand on that?

Mr. GLENNAN. You bet.

SALARIES AND EXPENSES

Mr. MICHEL. What portion of your budget is allocated for personnel?

Mr. GLENNAN. I do not know whether I can give you a portion. The salaries and related expenses of NIE personnel is $11.4 million out of a total of $162.2 million.

Mr. MICHEL. Is that high?

Mr. GLENNAN. I do not think so. We, of course, have been concerned about what our staffing levels ought to be, so we have tried to go around the city to look at research operations that have similar functions to ours, and which we think have done pretty well, parts of the National Science Foundation or parts of the National Institutes of Health.

We have built up these personnel figures based upon the kind of ratios to be expected to the number of procurement actions or dollars that seemed appropriate in those other contexts.

My answer, I guess, would be that we think it is a pretty reasonable figure.

Mr. ELLIOTT. May I add something to that? The actual personnel compensation costs are $7.9 million and related benefits are $661,000. Those two figures together are an increase over last year.

Mr. MICHEL. How about a breakdown by salary grades for the record?

Mr. GLENNAN. We can provide that, of course. We do have an exempt system, as you may recall, in our authorizing legislation, which provides us with some flexibility. So what we provide you will reflect that. It may not fit exactly in the traditional grades.

[The information follows:]

SALARY GRADES, NUMBER OF PERMANENT POSITIONS AND PAYROLL COSTS OF NATIONAL INSTITUTE OF EDUCATION (FISCAL YEAR 1974)

Grades	Number of positions	Total salary
Executive level, V	1	$36,000
GS-18	1	36,000
GS-15	25	731,664
GS-14	79	2,000,844
GS-13	44	855,047
GS-12	19	327,765
GS-11	31	460,810
GS-10	1	13,900
GS-9	47	583,467
GS-8	6	63,337
GS-7	35	352,130
GS-6	16	138,255
GS-5	39	192,088
GS-4	44	$321,473
GS-3	7	41,180
Ungraded [1]	67	1,460,040
Subtotal	462	7,614,000
Positions other than permanent (i.e., temporary and part-time employment)	(2)	247,000
Other personnel compensation (overtime)	(2)	24,000
Total	462	7,885,000

[1] Represents an estimate of the number of personnel who will be hired under NIE's exempt authority.
[2] Not applicable.

CIVIL SERVICE EXEMPTION

Mr. MICHEL. How much flexibility did that give you?

Mr. GLENNAN. The flexibility is, up to 20 percent of the permanent professional staff may be hired without regard to civil service procedures; and there is unlimited authority to hire, on a 3-year-term basis, individuals whom you would expect not to have a permanent affiliation with the Institute.

Mr. MICHEL. Or an obligation on the part of the Federal Government for any kind of benefits?

Mr. GLENNAN. The benefits, I believe, are typical of all the exempt systems that exist. They receive very similar benefits to the civil service except for the tenure.

Mr. MICHEL. What salary levels are you contemplating for these people?

Mr. GLENNAN. We have attempted, as we built our salary schedule, to relate it to what they would be worth in the marketplace, if you will. Typically, it is what they have received in the past, perhaps with a 10-percent raise, whatever you would normally do when you bring somebody into a new job.

Mr. MICHEL. Is that the market for a lathe operator?

Mr. GLENNAN. They are research professionals. It is the market that research professionals are in.

Mr. MICHEL. I have seen a lot of researchers who thought they were worth a lot more than they really were. That is a wide range.

CRITERIA FOR PAY SCALES

Mr. GLENNAN. We try to have some kind of criteria by which we can judge that. We have been doing some work surveying what other institutions are paying. We do use the previous history of the individual as a basis for setting salary. We are very cognizant of the problems that come from buying people into this system. There are serious management problems.

Aside from the concern that we have as custodian of public dollars, there are very serious management problems if you bring in people at too high pay, because if they do not work out as well as you think, you cannot get rid of them. You cannot provide them with any kind of career progression.

We have been attempting very hard as we built the system to build it in a way which has real integrity and to use the best kinds of experiences we can get from NASA, which has a system like this, from the AEC, and so forth, in doing that.

Mr. **MICHEL**. You feel with the flexibility you have, this system is in the Government's interest?

Mr. **GLENNAN**. I think it very definitely is.

Mr. **MICHEL**. Mr. Neil has just brought to my attention that in the appendix to the budget, under NIE, there are 67 contemplated positions as ungraded, so-called, in the 1974 budget column.

Mr. **GLENNAN**. That would be what we are talking about, yes. These are professional positions.

Mr. **MICHEL**. Did the law specify the maximum amount of salary to be paid to these people?

Mr. **GLENNAN**. Yes. It is at the GS-18 level, which is $36,000 right now.

Mr. **MICHEL**. Did it limit you as to the number of those?

Mr. **GLENNAN**. No, it did not.

Mr. **ELLIOTT**. Except the 20 percent.

Mr. **MICHEL**. Does that again relate to all personnel?

Mr. **ELLIOTT**. All professional and technical personnel.

Mr. **GLENNAN**. Secretaries do not count in computing that 20 percent.

1974 STAFF INCREASE

Mr. **MICHEL**. Is this 462 total permanent positions requested in the 1974 budget still a valid figure?

Mr. **GLENNAN**. It is a valid figure that we are operating under.

Mr. **MICHEL**. Have you any unfilled positions?

Mr. **GLENNAN**. We have a lot of them.

Mr. **ELLIOTT**. Our total staffing strength at the moment is about 225, against our ceiling for the current year of 350.

Mr. **MICHEL**. That would suggest, then, that you are going to more than double that staff in fiscal year 1974, if you have only 225 on board and the budget calls for 462.

Mr. **GLENNAN**. There is the transfer of the OEO personnel, about 40 people, who will be coming in. There is the transfer of about 20 people from the Office of Education.

Mr. **MICHEL**. Is this a job haven for these people? When you talk about transfer, are these people you normally would go out and recruit if they did not need a job?

Mr. **GLENNAN**. In the OEO case, they are people I did recruit. They are, by and large, people I had hired there and am very proud of.

In the case of the Office of Education, I think, from what little I have been able to see, they are competent people. I have a different style from the Office of Education, so I might have chosen a few people differently. I think they will make a contribution.

Mr. **MILLER**. I might make the point that I think Congress has already authorized that level of 462 positions in fiscal year 1973. We are not asking for any additional in 1974. It is a question of their building up to the new but already authorized level.

Mr. Michel. I should applaud you for having only 225 out of an authorized level of 350 on board, in a sense, from the standpoint of this side of the table.

By the same token, you see, I wonder, were we too lenient the last time around? Whenever people come before us and say, "We have so many positions that aren't even filled," I get the general feeling that the year before or in the supplemental before, I have been had, and somebody told me they needed more than they really needed and I got soft and went along with it.

Mr. Glennan. We are, of course, building an institution. We felt it was important to have and I think the Congress felt it was important to have a fair flexibility to try to create and bring into the public service a class of individual who has not been attracted into it before.

We are proceeding, I think, deliberately, in trying to bring people on so they are in fact the quality of people who can do the planning that we think needs to be done. We have managed a program this year that basically has been attempting to look at what we are already doing and to see what makes sense there, but in terms of the really detailed, forward planning that needs to be done, we still have to find the people to do that.

In my judgment, we clearly need the people who are authorized there.

REQUEST FOR OTHER SERVICES

Mr. Michel. On page 132 of the justifications, I am looking under obligations by object, and you have about as big a figure for "Other Services," $73,655,000, as you have for grants, subsidies, and contributions. That is a pretty big miscellaneous column.

Mr. Glennan. It is contracts, according to my experts here, as opposed to grant activity.

Mr. Elliott. The two major elements of NIE outside activity are the other services, contractural services, and grants and subsidies. This is only an estimate of the distribution between grants and contracts.

Mr. Glennan. Much of the work, for example, the development of career education models, is procured on a contractural basis. We are trying to move, as HEW as a whole is trying to move, to a much clearer definition of which instrument is used.

When it is a grant-in-aid, the grant seems appropriate; but when we have a specific objective in mind, a contract seems appropriate because of the additional legal control it gives us.

Mr. Michel. I do not see anything in the justifications which gives a breakdown of that contract request.

Mrs. Green. Before you leave that page, could we have a recapitulation in answer to Mr. Michel's question on the personnel?

Mr. Glennan. For the record, you mean?

Mrs. Green. I would like it here. I am looking at page 132 and thinking of your answer a while ago.

Mr. Glennan. I am sorry, I am not sure I understand. The 1974 estimate of the compensation for permanent personnel is $7.6 million. The positions other than permanent would be that $247,000, is that right?

Mrs. Green. What about all the other items under personnel compensation? You do not include those in your administrative costs and your costs of personnel?

Mr. **Glennan**. No. I would think if I totaled the personnel costs, I would add those.

Mr. **Miller**. Some are related to personnel; some are not. Printing and reproduction we would not include, nor rent, communications, and utilities. But travel and transportation you might or might not, depending upon the definition.

Mr. **Michel**. Is that the difference between the $11 million figure you first gave, and the $7.9 million?

Mr. **Glennan**. It looks to me as if it is. I was working from a different chart. It seems to me the $11 million, titled on this chart as Program Direction and Administration, does include supplies, support costs, and so forth, as well as personnel.

I think the justification does give a more accurate picture of what is in fact just personnel.

Mrs. **Green**. I did not think it squared with the material on page 132, the total costs.

Mr. **Glennan**. You mean the $11 million does not square with what is here?

Mrs. **Green**. The $7,885,000 answer did not seem to me really to answer Mr. Michel's question.

Mr. **Glennan**. I presume the $7,885,000 plus the personnel benefits plus the travel and transportation related to the personnel in-house would look like what ought to be the personnel total. We can give you a specific figure on that if that would be helpful.

[The information follows:]

PERSONNEL COST BY OBJECT CLASSIFICATION

	1973 Estimate	1974 Estimate
Permanent Compensation:		
Permanent positions	$6,203,000	$ 7,614,000
Positions other than permanent	207,000	247,000
Other Personnel Compensation	24,000	24,000
Subtotal Personnel Compensation	6,434,000	7,885,000
Personnel Benefits	539,000	661,000
Total Payroll Costs	6,973,000	8,546,000
Related Personnel Expenses		
Travel and transportation of persons	822,000	1,115,000
Transportation of things	35,000	35,000
Rent, Communications and Utilities	623,000	702,000
Printing and Reproduction	135,000	135,000
Other services (i.e., housekeeping expenses)	732,000	793,000
Supplies and materials	83,000	83,000
Equipment	130,000	35,000
Total Related Personnel Expenses	2,560,000	2,898,000
Grand Total Personnel Costs	$9,533,000	$11,444,000

PROGRAM COSTS BY OBJECT CLASSIFICATION

	1973 Estimate	1974 Estimate
Other Services (i.e. contracts)	$ 58,813,000	$ 72,862,000
Grants, subsidies and contributions	76,978,000	77,891,000
Total Program Costs	$135,791,000	$150,753,000

INSTITUTE CONTRACT OBLIGATIONS

Mr. **Michel.** Again on the "Other services," when you say contracting, can we have something more broken down for the record specifically? How many contracts are we talking about here?

Mr. **Glennan.** We are not sure how many contracts there would be for 1974 until we have very detailed special plans.

Also, it turns out that we have the bulk of our dollars in a relatively few big contracts, and then a whole lot of smaller ones for various kinds of smaller activities.

Mr. **Michel.** How about these for 1973, the $59.5 million? Are you talking about 20 contracts or 300 or 500?

Mr. **Glennan.** Let us get some sense of what has happened so far.

Up to now, with what we have done up to this point in time, there are about 123 contracts. I would think that would be the bulk——

Mr. **Michel.** Is that a list of them?

Mr. **Glennan.** I have a list here, a summary of the obligations through yesterday or day before yesterday, which for the large programmatic efforts involves 123 total actions, of which 8 are grants and the remainder are contracts.

Mr. **Michel.** Why don't you list those in the record, and tell me how much money is involved in each one, and maybe one or two sentences about what we are buying for a certain amount of money.

Mr. **Glennan.** Right. I emphasize, that is what has been done up to now. That is not the total for the year.

Mr. **Michel.** Right.

[The information follows:]

CONTRACT AND GRANT AWARDS THRU MARCH 5, 1973

The following reflects contracts and grant awards and actions consummated through March 5, 1973. For convenience of review, the information is arranged by program.

Labs and Centers

Twenty-two educational laboratories and centers conducting educational research and demonstrations in curriculum development, organization and management, early childhood education and other areas were funded in two stages. The first stage provided that each lab or center receive a three month continuation, as an institution, on November 30, 1972. The second stage provided nine months additional funding, effective March 1, 1973, but in the form of separate and distinct contracts for the projects being undertaken by each lab and center, where more than one project had been underway.

Below is a listing of the labs and centers, showing those awards which received in November, and the separate contract awards each received on March 1.

INSTITUTION AND PROGRAM	NOV. 30, 1972 FUNDING	MARCH 1, 1973 FUNDING
North Carolina State University	$ 18,208	
Dynamic and Strategic Planning		$363,958
Educational System-Adult Society		95,834
National Lab for Higher Education	162,500	309,500
Northwest Regional Educational Lab	393,792	
Improving Teacher Competencies		565,625
Intercultural Reading and Language		314,750
Rural Education		666,250
Computer Technology		171,500

INSTITUTION AND PROGRAM	NOV. 30, 1972 FUNDING	MARCH 1, 1973 FUNDING
Ohio State University	$189,970	
Information Evaluation & Planning Systems for Vocational Education		$ 601,542
Cooperative Development of Performance Based Curricula		742,167
Instructional Systems Design		262,200
Vocational Development and Adjustment		567,625
Diffusion Strategies for Community Education		108,708
University of Oregon	209,250	
Responsiveness to Clientele		38,450
Team Teaching		129,000
Strategies for Organizational Change		144,000
Management Use of Staff Training		151,000
Program Planning and Budget Systems (PPBS) in Schools		218,300
University of Pittsburgh	488,875	1,611,125
Research for Better Schools	827,875	
Individualized Learning		678,125
Humanizing Learning		650,500
Administering for Change		896,750
Southwest Educational Development Laboratory	489,625	
Early Childhood Education		455,625
Early Elementary Education		381,250
Bilingual/Early Education		430,500
Stanford University	285,375	
Teaching & Effectiveness		290,750
Environment for Teaching		308,500
Teaching Low-income Students		245,375
Southwest Cooperative Educational Laboratory	193,625	27,375
Southwest Regional Laboratory for Educational Research & Development	651,000	2,099,000

INSTITUTION AND PROGRAM	NOV. 30, 1972 FUNDING	MARCH 1, 1973 FUNDING
University of Wisconsin	$475,375	$1,524,625
University of Texas	181,375	418,625
Mid-Continent Regional Educational Laboratory	180,375	
Training for Inner-city Educators		181,750
Models for Inquiry Skills Development		170,875
Appalachia Educational Laboratory	365,625	
Career Decision Making		291,373
Marketable Pre-School Education		518,000
University of California (UCLA)	225,000	
Research Objective Based Evaluation		207,500
Evaluation Technologies		394,500
CEMREL, Incorporated	551,625	
Comprehensive Math		398,500
Aesthetic Education		804,875
Instructional Systems		245,000
National Program on Early Childhood Education - CEMREL	412,409	491,009
University of Arizona		34,303
University of Chicago		183,500
Cornell University		81,486
University of Kansas		107,037
George Peabody College		115,373
Syracuse University		40,308
Center for Urban Education	463,375	465,625
Far West Laboratory for Educational Research & Development	584,935	
Effective Teacher Education		575,250
Information Utilization		202,875
Education Management		318,000
Training Systems for Staff in Early Childhood Education		232,125
Reviewing Home-School Linkage		113,875

INSTITUTION AND PROGRAM	NOV. 30, 1972 FUNDING	MARCH 1, 1973 FUNDING
Johns Hopkins University	$217,125	
Schools and Maturity		$ 74,625
School Organization		224,875
Careers and Curricula		163,375
National Center for Higher Education Management Systems-WICHE	272,125	978,875

Dissemination

The following represents the awards made in the area of dissemination.

A. The following twelve (12) awards extended contracts which provide clearinghouse services to the Educational Resources Information Center (ERIC), a comprehensive educational document retrieval system. The Clearinghouse acquires, abstracts, indexes and announces current reports relevant to education, and each clearinghouse covers a given field or topical area.

ERIC Clearinghouse Extensions

Stanford University	$ 93,593
University of Oregon	116,200
Syracuse University	43,600
University of Illinois	150,000
American Society for Information Science	104,500
Columbia University	236,286
George Washington University	176,128
Ohio State University	238,394
University of California at Los Angeles	112,800
University of Michigan	114,000
Educational Testing Service	124,000
Ohio State University	156,630

Additionally, the following three contract extensions provide technical services in support of ERIC.

ERIC Service Contracts	
LEASCO, Incorporated (LEASCO Systems & Research Division)	$546,664
LEASCO, Inc. (LEASCO Information Products Division)	70,000
Crowell, Collier & MacMillan Corporation	90,500

B. The following awards continued the support of pilot programs which disseminate educational research and evaluation information to educators and institutions.

Pilot Dissemination Programs	
Columbia University	$ 10,000
Stanford University	52,074
Oregon Board of Education	52,518
South Carolina State Dept. of Education (2)	51,833 16,519
Research Triangle Institute	2,493
Indianapolis Public Schools	53,000
Rhode Island Department of Education	11,706
Montgomery County, Maryland Intermediate Unit	13,000
San Mateo County, California Board of Education	30,290
Texas Education Agency	26,081
District of Columbia Public Schools	18,500
Merricack Educational Center	26,125
Iowa State Department of Public Instruction	19,172
Utah Board of Education	100,000

C. Additionally, Design and Productions, Inc., received two contract extensions ($99,043 and $70,154) to continue operating an educational exhibit which demonstrates the products - usually new curricula - of the laboratories and centers.

D. Two other awards continued dissemination activities previously funded.

1. The Topeka Public Schools received $22,125 to maintain a demonstration reading program which is visited by educators interested in replicating Topeka's successful efforts.
2. The Center for Educational Development and Research funds the publication of a monthly newsletter, and specialized materials dealing with the activities and products of the laboratories and centers. Cost: $59,647.

Career Education Development

The following represents those awards made in the area of Career Education.

A. One continuation grant was awarded in this area to the Ohio State University, for $3,700,000. The experimental program is seeking in six public school systems to develop and evaluate a school-based model for career preparation, including specialized curricula, new guidance techniques, and in-service teacher training.

B. The Education Development Center received $292,815 to continue development of a Home/Community Based Career Education Model in Providence, Rhode Island. The extension period was from December 1, 1972 until March 15, 1973, to give NIE staff enough time to evaluate the worth of continuing the experiment. The model is attempting to spread information about work opportunities to an audience not currently in a work or school atmosphere.

Handicapped R&D

The following represents continuation funding of Handicapped R&D projects.

A. The University of Washington received $215,237 to continue funding of an experimental program investigating procedures to modify behavior of handicapped children.

B. Gallaudet College received $327,625 to continue its annual census activities of learning-impaired children.

C. Harvard University received $25,000 in support of a program to provide educational enrichment activities for disadvantaged students.

Researcher Training

The following three researcher training consortia received continuation funding to develop and evaluate researcher training curricula:

University of Pittsburgh	$218,621
Ohio State University	$153,126
Far West Laboratory for Educational Research and Development	$215,783

Additionally, Research for Better Schools is field testing a researcher training program developed by the University of Pittsburgh. Cost: $85,425.

A personnel survey designed to provide data on the size, structure, and characteristics of the current work-force in educational R&D and related areas, and on the training needs of this work-force is being conducted by NCES. Cost: $50,000.

Other

A. The National Capital Area Day Care Association, Inc., received a $61,325 award to continue the demonstration OE Day Care Center through May, 1973.

B. The University of Illinois received $13,780 to conduct a conference of Black educators, professionals and lay citizens.

C. An award to Education and Public Affairs, Inc., for $14,377 extended for three months this contractor's technical assistance to the Small Schools in Rural Areas project of the Experimental Schools Program. The contractor's function is to assist selected small school districts in the development and use of planning and evaluation techniques.

D. Western Institute for Science and Technology, Waco, Texas, received continuation funding, the objective of which is the establishment and demonstration of a National Education Computer Service which will provide appropriate computer service to educational institutions at the lowest possible cost. Cost: $878,316.

Mr. MICHEL. Does that suggest that before the end of the fiscal year you are going to obligate the total balance?

Mr. GLENNAN. Yes, we will obligate the total balance.

Mr. MICHEL. Are you going to use the same care and discretion in making those contracts, or are you just going to be trying to use it all up before the end of the fiscal year?

Mr. GLENNAN. I think I am pretty strongly committed not just to use money.

Mr. MICHEL. I hope not. The bulk of your request is in the area of programmatic R. & D., is it not?

Mr. GLENNAN. That is correct.

Mr. MICHEL. What part of the $104 million request is for programs transferred from the Office of Education? Answer that for the record. What programs in this category are you phasing out?

[The information follows:]

PORTION OF $104 MILLION REQUEST FOR PROGRAMMATIC R. & D. FUNDING PROGRAMS TRANSFERRED FROM OFFICE OF EDUCATION

(A) Included in NIE's request for programmatic R. & D. are the following programs transferred from the Office of Education: career education model development; experimental schools; District of Columbia schools project; educational laboratories and R. & D. center projects; and special technology projects.

It is estimated that of the $104 million request for programmatic R. & D. $74.8 million will fund programs transferred from the Office of Education.

(B) Currently no major program has been phased out. However, as you know, some specific projects administered by the educational laboratories and R. & D. centers have been phased out. Of course, the National Council on Educational Research once nominated and approved by the Senate could make decisions to phase programs out.

Mr. MICHEL. I appreciate your responses.

Mr. FLOOD. Mr. Natcher.

INCOMPLETELY CONCEIVED SOCIAL PROGRAMS

Mr. NATCHER. Dr. Glennan, I know full well when you make your presentation, of course you have to make it as strong as you can and put your best foot forward. Do you really believe, Dr. Glennan, that "The social problems of this country cry out for immediate solutions, solutions that government at all levels in the past has attempted to provide by hastily mounting incompletely conceived programs on the basis of sloppy scholarship?" Do you really believe that, Dr. Glennan?

Mr. GLENNAN. I think it frequently has been the case.

Mr. NATCHER. Talk to us a little about it. What do you have in mind? You have just come out of OEO, have you not?

Mr. GLENNAN. Yes.

Mr. NATCHER. How long were you in OEO?

Mr. GLENNAN. Three years.

Mr. NATCHER. Go ahead and talk to us a little more about this statement.

HEADSTART PROGRAM

Mr. GLENNAN. I will take as an example, a program which I do not want to say has been in any sense useless, but let us take the Headstart program. It is a very popular program. Parents like it. Kids have had, I think, good experiences with it.

In the minds of very many people, including the scholars who were involved in thinking about early learning activities, that program was mounted in much too rapid fashion on the basis of much too little information about what programs should look like, and so forth.

Many of the scholars who were involved, in fact, recommended that we ought to take a couple of years to get up to serving 200,000 or 300,000 kids; that we ought to try a series of alternatives and look at them; we ought to be concerned about building the kinds of training activities with staff, and so forth, necessary to go to that very large system.

But because the problems were viewed as terribly urgent and because the will of the Congress was there and the will of the administration was there, that program went in a period of literally months to serving an enormous number of youngsters.

As a result, you put in place a whole set of activities which were incompletely conceived but very earnestly supported. The people who were involved in it were, in fact, terribly concerned and very anxious to do a better job.

But once you tried to go back to see if you could change that, to improve it, and so forth, you found you already had structures there. You already had things that had been put in on a basis of incomplete conceptions, and it was very hard to improve its quality.

When we started to look at the effects, at least as some people though they were buying effects, it turned out it wasn't really producing that Headstart or did not seem to be in many instances.

That is an example of the kind of thing that I am talking about.

LACK OF RESEARCH IN OTHER PROGRAMS

I think in the same sense the community action program was an example of that. There were a set of people around this country who were trying different notions of community action, and they all seem to have gotten into the preamble to the act.

There were people who said that at the beginning of the poverty program what we really should have done was to try in a rather more systematic way a number of these different models and try to understand under what circumstances and in what places which one made good sense. We went to a thousand community action agencies within a year.

The same thing, it seems to me, is true with respect to many of our manpower programs.

That is what I am talking about, and I think in the minds of many people, not the scholars but many people, these programs were based upon research. I do not think they were based upon research. I think they were based upon a lot of very good intentions and a strong feeling, which I share, about the importance of the problems and a wish to deal with those problems.

But I do not think that they had behind them the kind of more systematic thinking that I think we ought to be aspiring to.

1974 RESEARCH FUNDS

Mr. **Natcher**. Dr. Glennan, do you agree with the budget for fiscal year 1974 that has been presented to our committee concerning the changes insofar as elementary and secondary education funding is concerned and proposals concerning education revenue sharing which we now have, and as far as the amount in the bill for library services? As I recall, in the budget that was presented to our committee for fiscal year 1974 for vocational education we are down to a small amount for research. Is that not correct?

Mr. Glennan. Yes, I believe that is so. That is the research that is specifically targeted in the Office of Education.

Mr. Natcher. Yes.

Mr. Glennan. Much of the research that we will be carrying out, which should be added to what is in that budget, is associated with vocational education.

EDUCATION REVENUE SHARING

Mr. Natcher. For all these social programs that you speak of now as based on sloppy scholarship and problems that cry out for solution, do you endorse education revenue sharing, Dr. Glennan?

Mr. Glennan. Yes, I do.

Mr. Natcher. Are you strong for it, or are you for it just because it is in the bill?

Mr. Glennan. No, I am quite strong for it. I think the attempt to decentralize with controls, with emphasis on particular populations at risk, and particularly the disadvantaged, as is the case in the special revenue-sharing bill, is a terribly important activity for us to undertake.

As Dr. Marland said, to consolidate and simplify the activities at the State and local level seems to me to be very important. We, the Federal Government, have created a group of people in the field who spend most of their time trying to figure out how to manipulate the Washington system, how to get their grant, how to find their money.

Those are the most creative people in the system. They really are the best people out there. They are spending their time trying to find a way to get a hand on the money.

I would much rather see that money come in as a State and local responsibility, trying to build these kinds of people into the local system, hopefully a responsible and accountable system, without this endless filling of forms and trying to figure out what crosses where with regard to this clearinghouse or that clearinghouse.

To me, it seems to be a simplification and an important move toward getting the action back out where it ought to be.

EXTENSION OF LEGISLATIVE AUTHORIZATION

Mr. Natcher. According to that statement, do you favor extending the authorization for the National Institute of Education, NIE, at the termination of the 3 years? As you and I well know, under the amendments in the 1972 legislation, NIE was authorized for a total amount of $550 million, not authorized to be adequately funded but authorized for $550 million.

If not reauthorized, out goes NIE, is that not correct, Doctor?

Mr. Glennan. That is correct.

Mr. Natcher. According to your theory of the operation of the Department of Education and, education generally are you in favor of a 3-year period and $550 million and then let NIE drop out?

Mr. Glennan. No; I am certainly not.

Mr. **Natcher.** How long should we carry NIE, the National Institute of Education?

Mr. **Glennan.** I think there is a permanent responsibility, if performance justifies it, of the Federal Government to carry on research and development activities that are in the interests of the several States and many local education agencies.

The creation of the National Institute was a recognition of a Federal role for research activities because, if you let these activities be highly decentralized, you tend to have a great deal of duplication; you do not tend to create the critical mass that is necessary for good research and development work.

I think the Congress ought to take a look at the end of 3 years and find out whether or not something has been happening there. At least, the process is a good process. Hopefully, there is the beginning of some kind of product that appears to be making some difference in the education world.

Mr. **Natcher.** Do you not think that will take place? Don't you know that the Education and Labor Committee of the House and Senate certainly will do that? After hearing the Secretary of HEW testify before this committee for 2 days and discovering his philosophy, don't you know the Committee on Education and Labor will certainly do that at the end of this 3-year period?

Mr. **Glennan.** Will look at the results?

Mr. **Natcher.** Yes; a good look.

Mr. **Glennan.** I think they ought to.

BUDGET PHILOSOPHY

Mr. **Natcher.** Do you favor the proposal in the bill before this committee as far as vocational education is concerned? We are down to research now, is that not about it?

Mr. **Glennan.** There is an earmarking of funds, as I would understand it, anyway—I am not familiar with the detail of that legislation—within the special revenue-sharing package.

Mr. **Natcher.** As you point out, the President in 1970 called for the establishment of a National Institute of Education. I like the President, Dr. Glennan. I say that to you frankly. I agree with a lot of things that he does.

In 1970, he asked for this legislation.

In 1972, my good friend Mrs. Green, from Oregon, who knows a lot more about education than I do, served on the Education and Labor Committee.

If we had the philosophy of your new Secretary and the direction in which you are traveling now, back in 1970 and 1972, would we still have had NIE, Dr. Glennan?

Mr. **Glennan.** I think so.

Mr. **Natcher.** No question about it?

Mr. **Glennan.** No question about it.

Mr. **Natcher.** No conflict at all as far as the direction that you are traveling in so far as the budget that has been presented to this committee?

Mr. **Glennan.** I do not see any.

Mr. **Natcher.** You do not see any conflict?

Mr. Glennan. No.

Mr. Miller. I would say, Mr. Natcher, the budget is designed to permit us to travel in the direction we are going, to find out which things in education make sense, which can save money, and which should be done at the Federal, local, and other levels.

Mr. Natcher. You do not see any conflict at all in it?

Mr. Miller. None at all.

Mr. Natcher. As far as the authorization of $550 million, it will be consumed in this 3-year period?

Mr. Miller. Of course, we cannot guarantee that.

Mr. Natcher. I understand. No-year funds, 3-year period.

Mr. Miller. It is no-year funds in the legislation. We are requesting that you appropriate them over a 2-year period.

Mr. Natcher. You see no conflict as far as the continuation of the authorization for funding for NIE under the philosophy that we now have from the Office of Education and from the new Secretary?

Mr. Miller. None at all, Mr. Natcher.

DISTRICT OF COLUMBIA PROJECT

Mr. Natcher. Dr. Glennan, you point out to the committee field-initiated experiments or funds to support both the District of Columbia school projects and the experimental schools program, and so on. What about the District of Columbia? What have you in mind from the standpoint of support of field-initiated experiments.

Mr. Glennan. There is a proposal that has been submitted to us by the District of Columbia, a proposal that we are not fully satisfied with at the present time.

Mr. Natcher. Are you telling them that?

Mr. Glennan. We are.

Mr. Natcher. In other words, you are not satisfied with it. Somebody ought to talk to them about it. We need all the help that we can get in Washington. This is our Capital City and we are entitled to a better system than we have at the present time.

Mr. Glennan. Mr. Natcher, it is our intent to try to do that. You know better than I the problems of trying to work with the many important elements of that community, but we are going to try to do what we think will make a difference.

We are concerned that it is a program that has lasting effects. That is the way you carry on research and development. You hope to find something that influences something else. It does not have to have effects in any other city.

I think if it just had lasting effects in the city of Washington, we would have created some success.

We have been working at some length with the new project director. We have tried to work with the system as a whole. We are proposing to put several people within the Institute onto the project full time. We are not intending just to let it sit there.

We think there has to be a partnership; that we can bring in something to help, and the community can bring in an enormous amount to help on this. It is a process that will take us a long, difficult time.

Mr. Natcher. Dr. Glennan, certainly I want to wish you the best of everything in your new assignment.

Thank you very much, Mr. Chairman. I did not mean to take all this time.

PRAISE FOR MEMBER

Mrs. **Green.** I do not know of any individual who has been more maligned by the Washington press and by groups in the District of Columbia than the gentleman sitting across the table from me here, Mr. Natcher. Serving on the District of Columbia Committee, you probably have your facts more accurately, but my recollection was that the per capita expenditures for education per child in the District of Columbia is one of the highest in the Nation.

When you read the Washington press, you would think Mr. Natcher was Mr. Scrooge personified, and that the whole Congress of the United States treated them in a terrible fashion.

If my school district in Portland had anywhere near the per capita funds that the students of the District of Columbia have, there would be countless things that could be done out there that would have improved the quality of education.

With all of that money in the District of Columbia, we find the classrooms turning into battlefields. Our colleague, Shirley Chisholm said that it is not possible for children in the District to learn; that if they can physically survive from one day to the next, that is all you can expect.

I want to pay my respects to Mr. Natcher, the chairman of the District of Columbia Appropriations Subcommittee, for his understanding, for the depth of study which he has given to this matter, and for his generosity. In fact, at times I have been sorry that the residents in Portland, Oreg., have to pay such a high amount to finance the District of Columbia schools when we cannot afford to have that level of school support ourselves. I think he has been very generous with the District, and I think it ought to be a matter of general understanding by the residents of the District, rather than the misinformation that has been fed to them.

Mr. **Natcher.** Thank you, Mrs. Green.

Mr. **Flood.** Mr. Shriver?

ESTABLISHING THE RESEARCH COUNCIL

Mr. **Shriver.** Mr. Glennan, you are in the second year of a 3-year authorization for the Institute, and yet the 15-member National Council on Educational Research, which is supposed to formulate your overall policies, has not yet been chosen. When do you expect to get organized?

Mr. **Glennan.** The National Council on Educational Research was established by Congress with responsibility for setting general policy for NIE. I am confident that the Council will be appointed in the very near future. Our program is tentative subject to Council action, and we look forward to decisions being made rapidly once the Council is appointed and confirmed. I might note, as a point of clarification, that NIE is in the first year of its 3-year authorization.

RESEARCH RESULTS

Mr. **Shriver.** You caution us on page 3 of your statement not to expect too much from your efforts in the first few years. According to your justifications, all but $25 million of your $162 million budget request is for programs which have been going for years. I think it's time to expect results. Would you comment?

Mr. GLENNAN. The quality of the research in education which has been carried out in the past is of great concern to me. A great deal of money has been spent in good faith in the hopes of making significant improvements in American education, and so far not enough has happened. NIE is going to try very hard to turn that situation around. I believe that an emphasis on comprehensive thinking through of problems and vigorous attention to research design will provide us with the foundations for a truly productive system. Because of the nature of social science research, however, questions can't be formulated and answered overnight or even within a few years. A chemical reaction begins quickly, while the development of a human being takes place over time. So to answer your question specifically, those programs which have been going on for years are not all of sufficient quality to have produced the kinds of results we need, and the new efforts which we will begin at NIE cannot normally be expected to show us results immediately.

PERMANENT SPACE FOR NIE

Mr. SHRIVER. You say you are negotiating for more adequate temporary quarters. What is your timetable for permanent quarters?

Mr. GLENNAN. We are currently operating in highly inadequate space conditions. We are trying to move as rapidly as possible into quarters which would provide us with more room. We have explored a number of possibilities and are confident that at least part of the staff will be able to move within the next several months. That really is critical at this point, since we really need to expand our staff in order to effectively plan and operate our programs but we have very limited space to put them in at this time.

REVIEW OF PROGRAMS TRANSFERRED FROM OTHER AGENCIES

Mr. SHRIVER. As part of your 1973 activities, you are reviewing all of the programs which have been transferred to NIE from other agencies to determine their purpose, status, relationship to research and development and possible requirement for revision. Has this review been completed? Will it be made available to this committee?

Mr. GLENNAN. NIE is currently in the process of reviewing those programs transferred to us from the Office of Education and the Office of Economic Opportunity. Separate reviews have been conducted on the various programs. Recommendations based on these reviews will be presented to the National Council on Education Research for decisions on the continuation or revision of these programs. These decisions will of course be made available to the committee.

TWO-YEAR AVAILABILITY OF FUNDS

Mr. SHRIVER. You are asking for language to make your funds available for 2 years, and you say this would help eliminate the annual rush to spend funds remaining at the end of the fiscal year. I agree that this practice has led to poor planning in the past (and it would indicate poor administration) but I'm not sure I agree with your remedy. Might not a 2-year appropriation merely lead to further delay in making decisions? You might wind up with the same rush to spend the money, only at the end of 2 years rather than annually. Would you comment?

Mr. GLENNAN. My experience at OEO taught me the importance of having enough time available to construct a well thought out, structurally sound research design. Two-year funding would give us the latitude to insure that projects are not funded before they have been thought through. The major protection against a rush at the end of the second year is a top management at NIE that insists on work being done in time to meet reasonable deadlines. In this connection, I am quite prepared to obligate less than the total funds available in order to support only the highest quality of activities.

TRAVEL REQUEST

Mr. SHRIVER. You are requesting $1,115,000 for travel and transportation of persons. Why do you need so much for travel?

Mr. GLENNAN. The $1,115,000 travel and transportation request to which you refer is made up of three components:

First, $66,000 is for travel of 15 National Council members. They are expected to spend 2 days in travel status at 20 meetings per year. with $25 per diem. Additionally, an average of $170 transportation cost for each trip is figured. The total cost represents the annualization of the fiscal year 1973 activity.

Second, $50,000 supports travel and per diem costs for consultants to NIE.

Third, $999,000 is associated with NIE staff travel. It is estimated that employees GS-12 and above will spend on the average about one-third of their time in travel status at $50 per day, including travel costs and per diem. The increase over the fiscal year 1973 figure ($739,000) is associated with the annualization of 176 new positions.

APPLICATION PROCEDURE

Mr. SHRIVER. Would you tell us how a college of local school agency would go about applying for a contract or grant under your programs?

Mr. GLENNAN. A college or university or a local school agency could apply for a contract or grant from NIE in any of three ways:

First. An unsolicited proposal to the Institute for grant or contract support.

Second. A proposal submitted in response to a request for proposal as published in the Commerce Business Daily.

Third. Application for grant assistance under program announcements issued by the Institute and published in the Federal Register.

CROSS-NATIONAL STUDIES

Mr. SHRIVER. I want to know more about how you will operate these cross-national studies. You say you are going to review the experiences of other countries in dealing with education problems. Will you be sending U.S. researchers abroad under this program? If so, will you use excess foreign currencies where they are available?

Mr. GLENNAN. Cross-national studies are merely a possible example of the kind of inquiries into educational problems that NIE might conduct. Thus, there are no current plans to send any U.S. researchers abroad under this type of study. If sending researchers abroad would ever be considered desirable, every effort would be made to use excess foreign currencies where available.

BENEFITS PROVIDED TO SCHOLARS IN RESIDENCE

Mr. SHRIVER. What kind of stipends will be available for the scholars in residence at the Institute? What other benefits are provided?

Mr. GLENNAN. Congress authorized NIE to hire professional employees for up to 3 years without going through the procedures of the Civil Service System (NIE also has authority to hire up to one-fifth of its professional employees on a non-time-limited basis under a similar exemption from the civil service system). The scholars in residence would be hired and compensated under this "exempt" authority; under this authority, no one may be paid more than current rate for a GS-18 civil service employee, $36,000 per year. In some cases an amount considerably less than that is appropriate; in other cases not. Exempt employees are eligible for life insurance, health insurance, retirement and other regular benefits such as annual leave and sick leave. They are not eligible, however, for tenure status and other such Civil Service protection.

DISSEMINATION

Mr. SHRIVER. Would you give us some examples of how results from the "Linking Research to Practice" program on page 148 ($4.3 million) will be utilized through the dissemination of R. & D. findings program on page 149 ($4.6 million)?

Mr. GLENNAN. NIE's linking research to practice program attempts to improve dissemination and utilization of new methods and systems in order to bring about changes in the schools. An advisory panel is being established to make recommendations to the Institute in these areas. Dissemination of R. & D. findings refers to a general sharing of knowledge among members of the research and practitioner community. The major ongoing activity in this area is the Educational Resources Information Center (ERIC), a computer-based information system which sorts and distributes education research findings. Although new developments in the area of linking research to practice may be fed into the ERIC system, there is really not the sequential relationship between the two programs which your question implies.

Mr. SHRIVER. On page 154 you mention studies of means of providing "experiential career education." What is that?

Mr. GLENNAN. Experiential learning is any method of education based on "learning by doing." This is particularly meaningful in the area of career education, as programs in this area may deal with the acquisition of actual work skills.

VOUCHER SYSTEM EXPERIMENT

Mr. SHRIVER. On page 161, you say the voucher system experiments (or "governance" as you call it) will run from 5 to 8 years. What is the total cost of these experiments? Tell us more about what you are doing on this.

Mr. GLENNAN. As designed by the Office of Economic Opportunity, the educational voucher system experiment is to test the concept of a competitive educational marketplace and a new form of educational funding. Under this experiment, parents are allowed to select from a set of alternatives the education programs in the school which they have chosen for their children. The school selected receives the voucher which is then redeemable from a central administrative office. The voucher is worth roughly the per pupil cost of education in the community. The experiment is designed to determine what are the characteristics of schools which have been selected by parents, from a set of alternatives, for their children's attendance and parents' satisfaction with those alternatives. OEO's plans projected four full sites (each involving 8,000 to 12,000 students) over a period of 7 to 8 years.

To date one site is operational, the Alum Rock Union School District located in San Jose, Calif. In its first academic year (1972–1973), six school buildings comprised of 22 mini-schools representing differing educational alternatives and nearly 4,000 students are involved. Alum Rock has proposed that the project be expanded in the 1973–1974 academic year to include 13 schools and 9,000 students.

To date, $3,764,000 has been spent on the education voucher program.

Future funding of voucher projects will, of course, be determined by the National Institute of Education after the program has been transferred from the Office of Economic Opportunity (OEO). However, a number of significant variables affect cost: The number of schools involved, the number of children eligible for "compensatory" vouchers, the modernity of the school district's management procedures.

Mr. FLOOD. Mr. Robinson.

CONTACT WITH STATE AND LOCAL OFFICALS

Mr. ROBINSON. Dr. Glennan, I do not have to tell you that your Institute is being launched with strong encouragement by the Congress and the President, as has already been mentioned, and I am sure with the best wishes of professionals and laymen everywhere who have concerns about education.

You have cautioned, quite properly, I think, against the expectation of early and dramatic results. I wonder if you plan, to a degree that I personally think practical, to avoid the process of insulating yourself from the educational systems that already exist. In other words, are you going to associate yourself with the State programs that are already functioning and try to make yourself a part of them in some practical and contributing way, and not simply sit here in Washington and study these projects that you are going to farm out through all these contracts that have been discussed?

Mr. GLENNAN. Mr. Robinson, I hope we are not insulated. As I said earlier, I probably have spent more time trying to talk with administrators and practitioners than I have with the research community so far. I am trying to visit at least one State Department a month, and I hope one local education agency a month, in order to understand the problems that they are dealing with.

As we have looked at this dissemination activity, the question of how you get information to the field, we have been talking with States that already have substantial systems that attempt to do that. We want to try to understand how well those systems are working and how we ought to relate to them.

I am certainly not anxious to create total new sets of systems. I am not anxious to go around systems that exist. I am anxious to relate to a lot of different constituencies.

I certainly hope that we can avoid becoming isolated and "ivory tower" and simply sitting here in Washington.

One of the things that I have asked the people in the career education area to do, for example, is to try to make sure we do not just concentrate on our four models. It seems to me there is a tremendous amount of work that has been done, both with the support of the recent vocational education funds, but also in school systems on their own, that is relevant to the goals of career education.

We are going to take a careful look at those activities. There is no reason that we should have a particular affinity to that which we do; that we should view it as better than anybody else's. I hope it will be, but it certainly won't be right away.

I think we have a responsibility to try to bring those other kinds of activities to the attention of the school men of the country, and we will be doing that.

We take a pretty broad view, I think, and I think the staff as a whole takes that view. There has been a great deal of traveling to the practitioner communities.

EXAMPLES OF GOOD RESEARCH AND DEVELOPMENT ACTIVITIES

Mr. **Robinson**. As I have listened to other witnesses, it appears to me there is a great deal of emphasis being placed on identifying problems. It seems to me we know a great deal more than we need to know right now about our problems, and that what we need to do is to find some of the good examples that exist, that are working, and disseminate this information.

Are you going to concentrate a significant amount of your effort in this regard? There are good examples. If you listen to what we hear around this table, you would think all education is horrible; that there is nothing good about it anyplace. I know that is not so.

I would like to see some examples of good education disseminated through your office to those areas where it is not good.

Mr. **Glennan**. I quite agree with that. I think there are good examples. I think many of them are good examples because people have worked for fairly long, steady periods of time in the local area. They have ignored some of the blandishments of Federal funds and just kept at the job.

We have to be looking at those people. I have people come into my office to describe their situation, what they are doing. I do not know whether all that they tell me is true, but there are some fairly impressive things happening.

I ask them, "Do you know of anybody else who is doing it that way?"

"No, I really haven't run into anybody else who is doing it that way."

I think it is the obligation of an institution concerned with creation of knowledge to examine the existing activities for what they contribute. I think it is wrong if we immediately insist upon going out and doing new things just because they are new things.

We will do a lot of that. There has to be some of that. It is challenging and exciting. There are things that need to be done. There is no question about it.

In fact, the bulk of the resources, because of the way costs go, will be in that activity, but I hope the other will be a significant portion of our effort.

WAYS TO AVOID POOR PROGRAM DEVELOPMENT

Mr. **Robinson**. I also made a note of the language to which Mr. Natcher referred. You refer to "hastily mounting incompletely conceived programs on the basis of sloppy scholarship."

As examples of this, you quoted such programs as Headstart, Community Action, and some of our manpower programs.

I would like to know how you plan to avoid the pitfalls that we found in those programs, and how you conceive your agency as being able to avoid them.

Mr. GLENNAN. If in fact the Government comes to believe in the process of R. & D., if they will accept at least part of my conception of R. & D., it means we simply take a longer period of time before we create a national program to deal with the problem.

We recognize that the development of new programs and the development of institutions to support the expansion of programs is a time-consuming process. We understand that we need to take several years, frequently, even to conceive of how to develop that program.

My experience, again in OEO, in areas other than education, was that there was usually a year and a half between the time an idea came up and we started to think about it, and the time that we were ready to go into the field with some kind of developmental activity or experimental activity. During that year and a half, we were attempting to consult with a wide variety of people. We perhaps did a few small planning studies. We thought about what the problem was, and we asked whether our initial conception of the problem was the right one, or whether a different one was required.

We got some trial designs. We asked experts of various sorts to take a look at those trial designs.

That is a systematic process. It is a time-consuming process. It is a process that has been required in all the other areas. The health area does not zip right out. There has been a sustained, long-term commitment to research in the health area. The same has been true in the space area.

It is much more difficult to think of how to do this in the social areas because of the tremendous variety of interactions of social groups, of individuals of different interest groups, the political process, and so forth.

SOCIAL PROBLEMS BEYOND SCHOOL RESPONSIBILITY

Mr. ROBINSON. This would encourage me to believe you are planning to proceed in a variety of pilot projects, and are not planning to move too quickly, which is something with which I would certainly agree.

You mentioned on page 4 that schools are not being successful in overcoming this country's social problems. Of course the schools are not successful in overcoming the social problems, because the schools do not have that as a total responsibility. The schools are never going to overcome all of our social problems nor have they in any country, as far as I know.

Can you cite an example where schools have successfully overcome social problems as institutions functioning by themselves?

Mr. GLENNAN. I think the point you make is a very good one, and perhaps this is a little more carelessly stated than it should have been.

I think the schools have been asked to do too much, frequently, in this country. They have been held up against a set of standards that they could not hope to have dealt with.

For example, the major portion of the Jencks' critique of schooling is that they have not succeeded in redistributing income. Whether or not one believes that is the proper goal of society, even, it is clear the schools have not thought it was a goal. Even most of the philosophers of schooling have not thought of it as a goal.

I think frequently the schools have been declared failures against goals that they never had and could not deal with.

I think the career education area is a good example of a place where there is this kind of problem and where the definition of the problem is terribly important. For many of the things that people value in jobs, career progression, the opportunity to get ahead, the chance for movement—for many of those things—the schools cannot do it by themselves.

They can help. They can provide good initial skills. They can help people to get into jobs that have some of those characteristics.

But part of the problem is in the labor market itself. We may need to find a creative partnership between industry and employers in general, and the educational system, to have this occur. If we do not work at defining the kind of partnership that has to be, then career education itself will fail, because it has defined its only action point as being the schools, and the schools do not have total control of that problem.

INSULATION OF SCHOOL SYSTEMS

Mr. **Robinson.** I would like to commend this course to you, because it certainly has been my observation that down through the years, rather than finding an increasing amount of communication and this partnership that you mention, it has been decreasing in terms of its functioning within most communities. The school teachers and the school systems insulate themselves (again going back to that word of "insulating"), insulate themselves from the rest of the community and think that their purpose exists only in the classroom and no place else, and once they are out of the classroom their obligation is discharged.

This is not so, in my view, just as it is not so in the case of the city councilman or the mayor or anybody else. They are part of a structure, and they have to participate in it, and they are not participating to the degree that I think is reasonable and proper today.

One final question.

LARGE-SCALE PROGRAM DEVELOPMENT

On page 8, you mention, in terms of your discussion of the research and development activities program, that these developmental and demonstration programs are usually fairly large in scope.

What does this imply?

Mr. **Glennan.** It usually means they are multimillion dollar types of activities.

The career education model, one effort, is, as I recall, $3 million a year. That means there ought to be very detailed and thoughtful considerations of what you want to do before you commit those kinds of resources.

The educational voucher program, on the one site that is being examined, involves the expenditure of something on the order of $2 million a year, and will go up a little bit as the size of the program increases somewhat.

The home-based career education model that is operating in Providence, R.I., a developmental effort, is a little more than a million dollars a year.

These are significant programs. Much of that money frequently goes to the actual cost of delivering instruction in order to gain a test site at which you can look at things. It is not all research activities, it is not all payment to researchers. It may be payments to students, teachers, and what have you, but payments necessary in order to create the environment in which you can carry out your research or development activities.

SELECTION OF PROGRAM SITES

Mr. **Robinson**. How are these sites, as you describe them, selected? Do you develop criteria for a program that you want to have researched, and then put it out and ask people to submit their ideas as to how it can best be done, and then you select one?

Mr. **Glennan**. I think there is a variety of techniques used. We hope to change them somewhat from what has happened in the past.

There are some instances in which you have a fairly generalized set of entrants, and you can write a set of guidelines, essentially some criteria for selection within it. That is, you are looking for, let us say, a spectrum of urbanization, a spectrum of minority groups, a spectrum of particular educational problems. You can try to lay out those criteria, invite applications against a specific set of tasks, and then go through what would, hopefully, be a selection process of some integrity.

In other instances you would have some very specific kinds of things you want to test. You want to test a specific curriculum model or a particular Government system or a particular relationship between education and industry. Then you have to go shopping, it seems to me—again, you can try to advertise as best you can—you go shopping for people who are willing to buy into that particular design. There has to be some negotiations in it.

We hope to a much greater extent than has been the case, I am afraid, in the past, to have a fairly open competition for these site activities. They are important activities. They are exciting to be a part of, frequently.

Mr. **Robinson**. And they are expensive.

Mr. **Glennan**. And they are expensive.

I think they ought to be something that is not somehow in the back halls of the NIE to decide upon.

Mr. **Robinson**. I certainly agree with that concept of site selection. Thank you very much, Mr. Chairman.

Mr. **Flood**. Mr. Obey?

PROBLEMS OF SOCIAL PROGRAMS

Mr. **Obey**. Mr. Chairman, I won't take much time because of the lateness of the hour, but I do want to take up for just a moment the theme voiced by the gentleman from Kentucky.

I was struck by the difference in tone between two sentences in your statement. At page 4 you say, "I would like to ask your understanding when some of our developments appear less than totally successful."

On page 3, you cite the language to which the gentleman from Kentucky referred.

I fully recognize that many of the programs in the social areas were started up too fast, and that there was not enough startup time involved, which led to a lot of waste and a lot of unfulfilled expectations around the country. I think that almost everyone on at least this end of the table—I am sure we would have the same feeling on the other end—would agree that there were an awful lot of mistakes made.

I am personally persuaded about the wisdom of trying to broaden our categorical approach to education. But I frankly resent, as I think does the gentleman from Kentucky, that kind of language contained in the statement on page 3, because I think it does a disservice both to President Johnson and to the many Members of Congress who were trying to meet needs that were ignored for far too long.

I am reminded of the quote of President Roosevelt when he said, in 1936: "Better the occasional mistake or fault of a government living in the spirit of charity, than the consistent omissions of a government frozen in the ice of its own indifference."

I would just urge you in the future, in evaluating—there have been some great mistakes, undoubtedly—to be just as fair in the assessment of those programs as you ask us to be, on page 4, of yours.

LESSONS LEARNED FROM EXPERIENCE

Mr. GLENNAN. I agree with that.

Let me set something straight here. I have been associated with many of those programs that I say were mounted rapidly and, in retrospect, I think improperly. I have been a supporter of them myself. I did not mean in what I said here to say that the people who made those decisions made them in any sense out of bad faith or anything else.

In my judgment, this information did not get to many of the policymakers. It would not have gotten to many of the policymakers. It was an enthusiasm, a commitment, a concern of those days.

I was at least on the periphery of part of that great buoyancy that carried us through.

This statement is made 10 years later, and essentially says maybe we can learn something from those experiences, and maybe those experiences were necessary in order for us even to make the statements that I am making now about why I think this kind of approach is needed.

Mr. OBEY. That is essentially the point I want to make, because I think they were. I do not apologize for the many mistakes made in the initiation of these programs. I think it was probably a necessary part of our learning and growing process.

Mighty expensive in some cases; mighty frustrating. I recognize that.

I would have a little different analysis of why that happened. The reason I bring this up is that it relates somewhat to something which I got into yesterday, and so did Mrs. Green, because I believe that one of the reasons for the too fast startup of some of the programs was simply because there was such tremendous pressure on the part of local communities who did not have the resources to do what they should have been doing in education for years.

Some of these programs, perhaps Headstart, should have been started as demonstration programs. We should have adhered to that kind of approach. But because of the inaction on the part of the Federal Government, you had great pressure trying to make those programs apply to everybody and apply to areas all over the country.

I think that is the essential reason that a lot of these programs have gone astray, not necessarily because they were ill conceived. Some of them I am sure were. But simply because there was such a pressure to use those programs to do everything else that should have been done that we did not in fact zero in on the problem areas nearly as exclusively as we should have.

Mr. GLENNAN. I am sure that is true.

URGENCY OF PROBLEMS

Mr. OBEY. I am afraid this budget presented to this committee does the same thing. As at least some of us mentioned yesterday, I do not see any sense of urgency about elementary and secondary education problems reflected in this budget.

Mr. SMITH. The example he used, Headstart, is an outstanding example of what you are talking about. I was an attorney for school boards in the 1950's, and I remember every year at school board meetings, someone would request what amounts to a Headstart program, but it never was approved because the board would give a higher priority to most every other proposal for money—teachers' salaries, an extra teacher, football uniforms, programs for the gifted, all those kind of things. Headstart came last.

Mr. OBEY. I am afraid unless the administration is very careful, it will come last again, at least in certain areas of my State.

I would like to ask a couple of quick specific questions, and then give Mrs. Green the time I would like her to have.

On page 189 of the justifications, at the bottom of the page, you list an increase of 15 positions to a total of 30.

Mr. GLENNAN. I am sorry?

Mr. OBEY. Page 189 of the justifications.

Mr. GLENNAN. You are speaking to the funds for postsecondary education?

Mr. MILLER. There is more than one appropriation in the justification, and this is not within the National Institute of Education.

Mr. OBEY. I see. OK.

GOALS AND ISSUES OF AMERICAN EDUCATION

This relates to a question that Mr. Michel had.

On page 140—is that within what we are talking about?

Mr. GLENNAN. Yes, it surely is.

Mr. OBEY. Field-initiated studies. The language in the second paragraph: "Providing perspectives on and clarification of the goals and issues of American education."

Will you explain a little bit what that is? That is broad language. If I understand it correctly, it relates to something which, in my impression, has been studied over and over.

Mr. GLENNAN. I think that the problem of providing perspectives on and clarification of goals and issues of American education is something which is a continuing and ongoing activity, and will be as long as we have an educatonal system

It is very clear that the educational system today is responding to a different set of goals or ought to be responding to a different set of goals than it did 20, 30, or 50 years ago.

Part of the problem that we have in our educational systems is that we frequently hold to beliefs about the efficacy of education and the capabilities of education appropriate to one generation or several generations, but which, because of the changing situation, are now different. I see this kind of activity as a part of that.

Mr. OBEY. I understand that, but my point is, we are discussing this budget within the context of a very tight fiscal situation as defined by the President. It is my impression that you have a good deal of that kind of research going on now, funded in a variety of ways, and that if you are looking for priority items for the use of Federal money, that really ought to come somewhat lower down the line.

Mr. GLENNAN. The whole field-initiated studies area is an attempt to allocate a small portion of the total Institute budget to fairly fundamental research activities. We believe that we ought to be as open to ideas in a variety of areas as possible.

In this case, $10 million out of the $110 million budget was associated with these field-initiated efforts.

As a means of judging what is supported under that program, we have a set of eminent and very capable panels, or will have such panels when they are created.

It is really their intent to make sure that we are not simply duplicating or supporting research which is elsewhere being carried on.

I believe that the problem of goals in our country right now is a major one.

Mr. OBEY. Of course it is. I also think that an awful lot of attention is being given to it right now.

That is all, Mr. Chairman.

Mr. FLOOD. Mrs. Green.

PAST PROGRAM INEQUITIES

Mrs. GREEN. First, I want to say I agree with Mr. Obey that I do not think anybody in Congress had any evil motives when he or she first recommended a program. I must say I am far more critical of the way they have been administered than I am of the original concept.

I happen to agree with you 1,000 percent in the words you used of "sloppy scholarship" and all the haste.

As I said yesterday, the part that makes me the saddest is, I see the needs in a particular district in my area or anyone of a thousand districts across the country where it becomes necessary to close down a center for emotionally disturbed children because of the lack of $200,000—or the schools closed 3 weeks early because they do not have funds to pay teachers salaries or janitorial services, or not hire remedial teachers because there are insufficient funds then I see $3 million go down the drain here in R. & D. or other bureaus of OE without a single constructive thing resulting from it. This can be duplicated a thousand times. This is really the basis of my concern.

I like your words "building up some credibility." I have been lied to—and I use those words very advisedly—I have been lied to so many times by the people in the Office of Education, and as we have looked at contracts and grants, that, as far as I am concerned, there isn't any credibility among some of the higher-ups in that Office or in the Department.

RESEARCH REMAINING IN THE OFFICE OF EDUCATION

Mr. Michel asked you about the transfer of some of the programs from the Office of Education. But now how much research will remain in the Office of Education if NIE is funded? How much goes to NIE?

Mr. GLENNAN. Mrs. Green, I would have to provide the precise figures for the record. But there are, in my understanding, two areas in which activities that would be called research activities remain.

One of them is the handicapped area, where there seems to have been a fairly good integration of research and practice.

Mrs. GREEN. You are speaking of the Mullen contract, for example?

Mr. GLENNAN. Pardon?

No, no.

Mrs. GREEN. Are you speaking of the Mullen contract?

Mr. GLENNAN. I do not know in detail about that contract. No, the program as a whole has I think a reputation. I have not looked at it personally. The feeling was that for the time being it made sense to leave that research activity there. The other area is the vocational educational area, where substantial parts of those research funds in fact go out as formula grants to the States for their use in research and development activities.

Mrs. GREEN. This is what I do not quite understand in setting up the NIE. You say you are going to have some new departures, you perhaps have a different philosophy. But you still plan to leave much of the research in the Office of Education.

Why do we have these two going at the same time?

Will you supply for the record the amount that will still be there and the number of contracts and grants that will still be in operation and what your expectations are for 1974, 1975, and 1976?

Mr. GLENNAN. OK.

[The information follows:]

OFFICE OF EDUCATION DISCRETIONARY R. & D. ACTIVITIES

The Office of Education currently has funds available for discretionary research and development from the following appropriations: Vocational and Adult Education, Education for the Handicapped, Library Resources, Higher Education, and Educational Activities Overseas (special foreign currency program). Information supplied by the Office of Education is that these programs will provide for a total of 151 contract and grant awards amounting to $21,036,000 during fiscal year 1973, and 119 contract and grant awards amounting to $19,056,000 during fiscal year 1974. No funding decisions have been made relating to the Office of Education R. & D. programs for fiscal year 1975 and fiscal year 1976.

PROGRAM EVALUATION PROCEDURES

Mrs. GREEN. In response to Mr. Robinson, you talked about closer evaluations. We have run across many contracts on grants in both OEO and OE, where the individual who administered the program then received a contract from the same Federal agency to evaluate the program which he had just finished administering.

Has that come to your attention, will that continue to be the policy?

Mr. GLENNAN. I know of some of the instances, Mrs. Green. I think I can fairly say in no instance, in none of the programs I was involved in in OEO, did we do that. We have a very strong policy of not having the same person who evolved the program evaluate it. But even in our own office, in an effort to try to separate from the program office the operation of the program, the evaluation activity, and so forth, I think we went too far in some instances because it hindered the communication back from the evaluation.

I think there is a formative function of evaluation that, if we get too pure about the separation, can be lost. I remember particularly your experience in Oregon with the Newgate thing. I can assure you that to the best of my ability the procedures that we set up will simply prevent that from happening. It is just absolutely wrong.

Mrs. **Green.** Are the Fry Associates still involved in evaluation of the contracts?

Mr. **Glennan.** In OEO?

Mrs. **Green.** Yes.

Mr. **Glennan.** No project I was involved with.

Mrs. **Green.** I recall one incident where a regional director organized his own corporation for the purpose of getting contracts; while he was still the regional director he negotiated a contract with the new company which he was to head.

Mr. **Glennan.** That is clearly illegal.

ADMINISTRATIVE ISSUES

Mrs. **Green.** That is what I said yesterday. We see collusion, corruption, shoddy work, inefficiency, waste throughout the whole operation. It gives me grave doubts about NIE. I am just not persuaded that NIE is going to be any different.

You say you are going to take a lot of the OE people over with you. I asked for the record, and I guess I will leave it at that, the other day, for somebody to expand on why we could expect anything different from NIE than what we have at OE research.

Mr. **Glennan.** We will provide for the record a fairly significant statement on that. Let me just say that on the reading of what you have written and some of the testimony that you have given, most of the practices that I hear you decrying are ones which I completely agree with you on.

You will find that in my record at least at OEO, and I think you know with Ralph Howard and the group there, we were successful, at least in headquarters, in turning around, the activities.

Mrs. **Green.** There was big improvement. I have said publicly many times that after Carlucci became Director, desirable changes were made in cleaning up contracts and grants. There was improvement.

Mr. **Glennan.** Well, when I talked to Secretary Richardson in the first meeting we had when I took this job, I said, "Look, one of the first things we have to do is worry about the administrative system here. We have to have an administrative system that has integrity."

I found that when research people know that the system is good and fair, they will use it. If it is nonresponsive and irrelevant they will go around it. When they go around it, that is when you get into all the problems we are discussing here.

What you try to do is build a system which is responsive to the needs of researchers yet has safeguards built in.

So, for example, Martin Duby, who is our contract officer and who I think is superb, is involved now at the beginning of the process. I say to the research people, look, when you are starting to think about a problem, one of the first questions you have to answer is how you are going to select who does it. I do not want to see something come to my office on the 15th of June with a contractor and a new program in hand; you will not get that through.

PROBLEMS WITH PAST CONTRACTS

Mrs. **Green**. Besides the backdating of innumerable contracts, let me give you two examples.

The PEBSI contract was estimated to cost $640,000; first contract $800,000; then it went up to $899,000. There was very shoddy monitoring of it. The HEW Audit Division as well as GAO questioned a third of the proposed budget, $298,000, but no action was taken by HEW.

Then they were given an additional $91,000 and a final audit was never done. This is not ancient history.

Mr. **Miller**. Mrs. Green?

Mrs. **Green**. Let me finish this.

In 1971, the same company, BLK, asked for a renewal of the contract on a sole source basis for $850,000 and received $502,000 and they asked that that be given to them before the final HEW audit was approved, Mr. Richardson was the very person who made a commitment on this on a sole source basis; the record is very, very clear on it. And indeed in 1971 the contract was given to them again on a sole source basis, even though every report on it was adverse.

Now you know this just does not give me a great deal of confidence that things are changing.

Mr. **Miller**. Since that is a contract that was handled at the level of the Office of Secretary, I would like to insert in the record here the response which I think we made on a number of occasions to the kinds of questions you have raised. Because I think we still do regard that contract as having been a productive piece of work.

Mrs. **Green**. I will be glad to and I will put in a greater explanation as I see it.

[The information follows:]

PROGRAM EVALUATION BY SUMMER INTERNS (PEBSI)

The following represents testimony given by Hon. Elliot L. Richardson, Secretary of Health, Education, and Welfare before the Task Force on Sex Discrimination, Committee on Education and Labor, U.S. House of Representatives, April 27, 1972, relating to program evaluation by summer interns (PEBSI).

Late last year I sought to summarize in a speech to HEW employees some of my thoughts about how our Department could become more responsible and responsive to the needs of the people it serves. I will not try to summarize my remarks here but will ask instead that it be printed in the hearing record at the end of my statement, if I may. But an important segment of that statement stressed the importance of better evaluation of HEW programs.

Given the squeeze we now find ourselves in between uncontrollable costs and rising expectations, we can no longer afford to indulge the "don't just stand there, do something" syndrome that has so often characterized governmental reactions to current crises. At a time when there is great disillusionment about Government in general, ineffective responses to needs we really don't know how to meet only compound distrust. As a result it is more urgent than ever before to be able to apply objective measures to the performance of our programs. We need better methods of measuring performance; we need to make evaluation a regular, ongoing part of program administration; and we must learn how to make effective use of community people, those who actually see how a program affects the lives of those it is intended to help, "telling it like it is" about the gaps and failures and activities we support.

It was this last feature which the PEBSI program was intended to explore when it was initiated in 1970. The premise of the program was that nonprofessional community residents and community-oriented college students could evaluate HEW programs from the consumers' viewpoints more effectively than professional evaluators utilizing more conventional evaluation techniques. HEW's intention was not to substitute PEBSI for more professional evaluation, but rather to add an important new dimension to the evaluation product we were also receiving through professional channels.

Another of the values of the PEBSI approach was that it would generate its own follow-up. The PEBSI interns, unlike professional evaluators who go somewhere else once their study is complete, remain in the community and can be valuable "follow-uppers" because they can see whether corrective action was taken as a result of their recommendations and can advocate change as members of the local community.

A further by-product of the PEBSI approach is that young people could obtain a working knowledge of the Federal Government and its necessary interaction with State and local governments and private nonprofit organizations.

THE 1970 PROGRAM

As a result of a competitive bid process, the Office of the Assistant Secretary for Planning and Evaluation contracted in 1970 with BLK, Inc. of Washington, D.C., a black-owned consultant firm whose proposal offered the lowest cost estimate as well as the technical capability to conduct the PEBSI program. The firm hired 170 summer interns for approximately 60 days to evaluate 15 HEW programs embracing a cross-section of health, education, and welfare activities, including adult basic education, vocational rehabilitation, head start, maternal and infant care, and social services to families receiving welfare assistance (AFDC). The contract cost was $990,700.

The 1970 interns were trained and sent to Boston, New York, Atlanta, Cleveland, Washington, Albuquerque, and Los Angeles, and to various locations in three migrant streams flowing from Florida to New Jersey, from Texas through Michigan, and from Arizona through California. The interns consisted of approximately 60 percent undergraduate students, 25 percent graduate students, and 15 percent community workers. Ethnically, they were about 50 percent black, 30 percent Chicano, 10 percent white, and 10 percent Oriental and Indian.

The immediate problem the interns faced—a bigger problem than had been anticipated—was obtaining access to the programs they were expected to evaluate. In one instance, for example, a program director refused to allow the interns to talk to any of his employees, much less to see his program's records. But the interns persevered and upon completion of their field work provided the contractor with 50 narrative reports, each of which evaluated, on the average, nine of the 15 programs operating in each community. It was found to be impossible, in the short time allotted to the program in that first year, to obtain an evaluation of all of the 15 programs in all the communities.

Upon completion of the field work, a group of interns were brought to Washington for a series of meetings to share their impressions at first hand with HEW program managers and other officials, including myself. Following these meetings, BLK, Inc. submitted a final report and efforts were begun by both HEW officials and interns to follow up on the PEBSI findings and recommendations.

The 1970 program yielded a number of positive results. Among these were the following:

1. In the college work study program, several useful legislative recommendations were made by PEBSI and were proposed to the Congress by the Department, including the funding of off-campus projects and removal of the ceiling on allowable hours of employment.

2. The interns discovered that upward bound program guidelines were unclear and subject to misinterpretation. New and clearer guidelines were issued by the Office of Education.

3. In the foster grandparents program, a number of changes that have been made are consistent with PEBSI recommendations, including the provision of more support services, higher real wages and transportation facilities for elderly

volunteers, and the recruitment of a larger proportion of male foster grandparents.

4. The interns also learned that often there is little or no coordination at the local level between programs that should have a close relationship if they are to meet effectively the problems of individuals and families which seldom fall nearly into program categories. One example the interns cited was the lack of coordination between the adult basic education and manpower training and development programs. The administration's proposed allied services legislation seeks to address this increasingly serious by-product of proliferating governmental and private human service programs.

THE 1971 PROGRAM

In 1971, as a result of competitive bidding conducted for HEW by the Small Business Administration, BLK, Inc. was again selected to operate the program. The contract cost was $540,000.

The experience gained in the 1970 PEBSI program led to some basic changes in the 1971 program: the number of programs to be evaluated in each community was reduced from 10 to 6, and increased emphasis was placed on involving local program managers and HEW regional staff in all aspects of the PEBSI process. The communities selected were Boston, Washington, Denver, Atlanta, Los Angeles and the Crow Indian Reservation in Montana.

The findings and recommendations of the 1971 program again included a number of valuable insights, many of which reinforced my own conclusions about the impact and effectiveness of HEW programs as reflected in the speech to which I have referred. These are currently being examined within the Department and by local program managers, and I have directed that a comprehensive follow-up report be submitted by early July on actions taken to implement the PEBSI recommendations.

CONCLUSION

PEBSI has shown that students and community people can provide an accurate and useful consumer perspective on how well Federal programs reach people's problems. PEBSI conclusions reflect a fresh viewpoint on HEW programs, a viewpoint which helps to round out the results we obtain from professional evaluation.

PEBSI is, of course, far from perfect. It needs further modification to assure that the particular skills and talents of each intern are better utilized by improving the matching of interns to programs. Its time frame should be lengthened to permit increased follow-up at all levels and the program should not be limited to the summer months since some HEW-funded projects, particularly education projects, do not operate fully during the summer. These modifications are being incorporated in our plans for the 1972 consumer evaluation effort.

Mrs. GREEN. Let me just mention one which just does not persuade me things are changing. One of their model contracts their best contracts or grants—of the five, was one I referred to quickly yesterday, of NEDC. On June 23 they had $300,000 remaining in their drug rehabilitation program at OE; it was getting to the end of the fiscal year. They sent to NEDC and said we have $300,000 and we would like to have you do this, and no proposal had been written; NEDC had never applied for the $300,000. They said, "We will give you $15,000 to write the application."

Then they sent other letters telling them when the other money would come and then in October of 1971, the Office of Education discovered that this was a fly-by-night outfit, it had vanished into thin air, despite OE's brave attempts to find an answer to fund it, and it seemed that group had found greener pastures anyway.

The thing that was astonishing to us was that—in response to my request for their best examples—OE gives this as one of five model contracts because this was a time when they actually did cut off their funds.

Mr. GLENNAN. Well, I assume that they have responded to that. None of these things come out of operations that we are now running.

Mrs. GREEN. They come out of OE?

Mr. GLENNAN. That is correct. But we have built this thing basically from the ground up.

As I say, we will submit for the record the kinds of procedures that we hope will be there and our records will be available to you.

FOUNDATION SUPPORT FOR EDUCATION RESEARCH

Mrs. GREEN. Would you supply for the record at this point how many dollars are being spent by the Foundations for Research in Education?

I refer to Ford Foundation, Mott Foundation, Danforth, Carnegie and others?

Mr. GLENNAN. Sure.

[The information follows:]

AN ESTIMATE OF FUNDS SPENT BY FOUNDATIONS FOR RESEARCH IN EDUCATION

Information concerning the amount spent by foundations for research in education is scarce. The best authority in this area is the Foundation Center of New York which maintains a grant index of foundation awards. The index includes grants which amount to at least $10,000 and are listed in foundation award announcements. Using the index and an estimate of what is not in the index, the foundation center estimates that for the 2-year period 1970-1971, nearly $3.5 billion was spent on all foundation activities. Of this amount, approximately $1.2 billion was for activities related to education; 3.8 percent, or $46 million (that is about $23 million per year) supported grants for research in education.

In 1972 the foundation awards are estimated to have increased nearly 7.5 percent, which if applied across the board would indicate 1972 funds for research in education at a level of approximately $26 million.

EDUCATIONAL LABORATORIES AND CENTERS PERSONNEL

Mrs. GREEN. We have a tremendous amount of private capital that is being spent for the same things which you intend to spend it for.

In your list of employees, will that include the staff people in the educational laboratories?

Mr. GLENNAN. It does not include those people.

Mrs. GREEN. But they will be under NIE?

Mr. GLENNAN. They are independent, nonprofit organizations now and are funded under contract, according to what products they have in development.

Mrs. GREEN. Are you not bringing all of the educational laboratories under NIE?

Mr. GLENNAN. The programs within them are supported by NIE, but they certainly are not being brought under NIE.

Mrs. GREEN. That surprises me. They will remain independent. NIE will not supervise them?

Mr. GLENNAN. We would supervise as we would monitor and supervise any specific contract for the development of a particular piece of material.

For example in the Southwest Regional Laboratory we have broken everything down into specific products, and we are renegotiating contracts with them that have specific products to be delivered, dates by which they are to be delivered, evaluation plans that need to be approved by us, attempts to make sure that the publishers get involved with them on time so there can be productive distribution of the materials and so forth. They no longer will be privileged institutions carrying institutional support from the National Institute of Education.

Mrs. **Green**. How many regional educational laboratories are there now?

Mr. **Glennan**. There are 11 now.

Mrs. **Green**. I was told that the plans in the Office of Education were to reduce those to five or six. Is that correct?

Mr. **Glennan**. I do not know what their plans were. As I say, from our point of view they are now independent organizations, or will soon be.

Mrs. **Green**. That is kind of a phony, from my standpoint, phony description of it.

Mr. **Glennan**. Well——

Mrs. **Green**. But anyhow, if what you say is true, we will be carrying research on in NIE, we will be doing research in the Office of Education and research under our 11 regional education labs. In addition NIMH does some educational research, at least—plus research by the foundations.

SUPPORT FOR SPECIFIC PROGRAMS

Mr. **Glennan**. But those laboratories will be carrying it on under contract, just like any developer of performance activities will be for NIE. By law 90 percent of NIE's resources must be expended through contracts or grants to carry out research in laboratories or in research institutions or in higher education institutions or in school systems. Those laboratories will be one of those groups that will be carrying out work.

We will monitor it, we will know what is going on there, that is surely the case; but they are not institutionally supported any more.

Mrs. **Green**. What about the R. & D. centers; will they be supported?

Mr. **Glennan**. They are exactly in the same position as the laboratories are.

Mrs. **Green**. How many of those are there now?

Mr. **Glennan**. Twelve research and development centers.

Mrs. **Green**. Would you at this point put in the record the total amount of Federal funds that will be expended in 1974 if administration requests are approved in the Office of Education Research, the NIE research, the R. & D. laboratories across the country and the educational laboratories?

[The information follows:]

1. Office of Education Funds Supporting Education R. & D.

The Office of Education currently has funds available for discretionary research and development from the following appropriations: Vocational and adult education, education for the handicapped, library resources, higher education, and educational activities overseas (special foreign currency program). Information supplied by OE indicates that these programs will have a total of 151 contract and grant awards amounting to $21,036,000 during fiscal year 1973, and 119 contract and grant awards amounting to $19,056,000 during fiscal year 1974.

Additionally, funds made available by the proposed Better Schools Act for special revenue sharing could be used for education R&D. This, of course, would be a decision made by the State receiving the funds.

2. Department of Health, Education, and Welfare other than OE and NIE—1974 budget authority.

A total of $7,290,000 is being requested in fiscal year 1974 for other HEW activities related to research and development, including evaluation, according to information received from the Department. The Office of Child Development is requesting $6,000,000 for research and development associated with the headstart program. These funds will be used for the development of new ways to train child development specialists, including new curricula and training methods. The Health Services and Mental Health Administration plans to use $67,000 for adult basic education in family planning, in particular, the development of educational materials for family planning workers. In addition, the following funds are being requested: $541,000 for the Model Secondary School for the Deaf; $325,000 to be utilized by the National Technical Institute for the Deaf; and $357,000 for Gallaudet College.

3. Other Federal agencies.

Data supplied by the Office of Management and Budget and the agencies involved indicates that $74,484,000 in budget authority is being requested in fiscal year 1974 for educational research and development activities in Federal agencies other than HEW as follows:

Agency/Program	*Fiscal year 1974 Budget authority*
a. Action	$130,000
b. Appalachian Regional Commission	3,250,000
c. Atomic Energy Commission	50,000
d. Department of Defense, Army (includes research on improving training programs, improving evaluation methodologies, development of computer based individualized instruction systems, and the applications of new technology for training of military personnel)	24,300,000
e. Department of the Interior: Bureau of Indian Affairs	34,000
f. Department of Transportation: Urban Mass Transportation Administration (for the support of research in urban transportation and the development of a curriculum in that area)	1,590,000
g. Department of the Treasury: Federal Law Enforcement Training Center	290,000
h. National Aeronautics and Space Administration	20,000
i. National Foundation on the Arts and Humanities (for research and development of new curricula and instructional techniques, primarily in the humanities)	750,000
j. National Science Foundation: Science Education Improvement Program (Under this program, NSF supports efforts to develop curricular materials in the sciences, support experimental models and demonstration activities, and increase the effectiveness of the educational process, with particular emphasis on science education, by various means, including the development of innovative uses of computers in education.)	44,070,000
Total	74,484,000

4. and 5. *State and local.*—The most current information available about State and local government expenditures for educational R. & D. comes from two reports published by the National Science Foundation: "Research and Development in State Government Agencies: Fiscal Years 1967 and 1968," and "Research and Development in Local Governments: Fiscal Years 1968 and 1969." Both reports indicate that the Federal Government provided funds for about 70 percent of these State and local educational R. & D. projects.

In fiscal year 1968, State departments of education spent $15.631,000 for education research and development, excluding institutions of higher education. Five States (North Carolina, Texas, New York, Utah, and Hawaii) accounted for $10,710,000, or 68 percent, of the total. Twenty-two States reported no State agency expenditures for education R. & D. in fiscal 1968. Of the $15,631.000 total, only $405,000 was spent for basic research defined by NSF as systematic, intensive study concerned primarily with gaining a fuller knowledge or understanding of the subject under study. (Fifty-seven percent of this was in the State of New York.) In contrast, $7,620,000 was spent on applied research, referring to study for the purpose of meeting a recognized need, and $7,606,000 was expended in development, defined by the report as the systematic use of scientific knowledge toward the production of useful materials, devices, systems, or methods. The latter includes design and development of prototypes and processes, and represents the application of the findings of research to meet practical problems. Projects included the development of new curricula and instruction techniques, studies of underachievers, mentally retarded or emotionally disturbed children, and work on bilingual education.

Local governments sponsored considerably less education research and development activity, expending a total of $5,042,000 in fiscal year 1969. Of this, $60,000 went for basic research, $2,392,000 for applied research, and $2,590,000 for development. The reports states:

"Local government education R. & D. projects consisted of many different subject areas, among which development of new and improved curriculums was one major activity. The Broward County (Fla.) Board of Public Instruction reported projects to develop new curriculums in the areas of science, mathematics, vocational subjects, and guidance. Anne Arundal County (Md.) reported expenditures for a multimedia project which seeks to develop course models in the areas of chemistry, preliminary French, and geometry. The Freemont (Calif.) Unified School District conducted a study to determine the effects of individualized instruction on subject matter achievement and personality, and the Racine (Wis.) United School District studies the longitudinal effects of the Headstart program."

6. Private foundations.—Information concerning the amount spent by private foundations for research in education is scarce. The best authority in this area is the Foundation Center of New York which maintains a grant index of foundation awards. According to the Foundation Center, approximately $23 million per year was spent for research in education in 1970 and 1971 and $26 million in 1972.

Mr. GLENNAN. Let me try and clarify that for a minute and look at a hypothetical laboratory out there and try to understand what you would like to have from us.

In St. Louis, the central laboratory, they have I think, four contracts from us to carry out a math program, a program dealing with early childhood, and so forth. They, in addition, have contracts from school systems to do testing work within those school systems or to perhaps provide some kind of consulting services. Then they have contracts from publishers to further refine some of their materials.

Now when you say the work being carried on in the laboratories, do you mean the federally sponsored work——

Mrs. GREEN. I mean the federally funded.

Mr. GLENNAN. Ok.

Mrs. GREEN. If it is federally sponsored and federally funded, include it. If it is contracted by a State or a local school district and federally funded, include it.

Mr. GLENNAN. OK. So we will have to try to trace back the funds into the school districts.

Mrs. GREEN. Well, this is a huge part of the amount we are spending.

Mr. GLENNAN. Yes; I understand that.

[The information follows:]

Estimated Federal funds for regional laboratories—1973

Appalachia Educational Laboratory, Inc	$1,175,000
CEMREL, Inc	3,033,727
Far West Laboratory for Educational Research and Development	5,465,667
Mid-Continent Regional Educational Laboratory	1,096,000
National Laboratory for Higher Education	667,000
Northwest Regional Educational Laboratory	4,900,000
Research for Better Schools, Inc	21,738,802
Southwest Educational Development Laboratory	4,250,000
Southwest Regional Laboratory	2,937,507
Southwestern Cooperative Educational Laboratory, Inc	861,000

SALARIES OF REGIONAL LABORATORY DIRECTORS

Mrs. **Green**. Mr. Chairman, I will try to rush on this.

Will you also supply for the record at this point the salaries of the directors of each one of the 11 regional education laboratories and will you supply for me, not on the record but send to my office, unless the chairman wishes it in the record, the administrative costs of the regional education laboratory in Portland, Oreg., with salary breakdown.

Mr. **Glennan**. OK.

[The information follows:]

1973 salaries of regional laboratory directors

Appalachia Educational Laboratory, Inc	$32,424
CEMREL, Inc	34,000
Far West Laboratory for Educational Research and Development	45,000
Mid-Continent Regional Educational Laboratory	36,000
National Laboratory for Higher Education	32,500
Northwest Regional Educational Laboratory	41,257
Research for Better Schools, Inc	39,600
Southwest Educational Development Laboratory	36,000
Southwest Regional Laboratory	45,000
Southwestern Cooperative Educational Laboratory, Inc	35,000

TOTAL FUNDS FOR LABORATORY

Mrs. **Green**. Also supply the total amount of Federal money that has gone to the Zacharias educational laboratory.

Mr. **Glennan**. EDC?

Mrs. **Green**. EDC.

Mr. **Glennan**. From the beginning.

Mrs. **Green**. That is right.

[The information follows:]

EDUCATIONAL DEVELOPMENT CENTER FEDERAL FUNDING

The Educational Development Center's financial records indicate that $69.2 million has been awarded covering the period 1958–72.

SUPPORT FOR EDUCATIONAL TESTING SERVICE

Mrs. **Green**. Sometime I would like to talk to you about what we have received for the amount of money given to them; also, how much has been given to the Educational Testing Service at Princeton.

Mr. **Glennan**. OK.

[The information follows:]

EDUCATIONAL TESTING SERVICE
ANALYSIS OF GROSS INCOME

Fiscal Year	Source of Income		
	Federal	All Other	Total
1968-69	$2,049,000 (7%)	$25,291,000 (93%)	$27,340,000 (100%)
1969-70	2,668,000 (8%)	32,228,000 (92%)	34,896,000 (100%)
1970-71	2,669,000 (7%)	37,057,000 (93%)	39,726,000 (100%
1971-72	4,813,000 (10%)	43,082,000 (90%)	47,895,000 (100%)
1972-73 (est.)	4,796,000 (9%)	47,652,000 (91%)	52,448,000 (100%)

Amounts shown as Federal income include contracts for testing services as opposed to educational research and development:

1968-69	$318,000
1969-70	683,000
1970-71	754,000
1971-72	902,000
1972-73 (est.)	761,000

CONTRACTS VERSUS GRANTS

Mrs. Green. Mr. Robinson touched on how you were going to get contracts. I do hope that we will not wake up in a year from now and find 95 percent of them on a sole source.

At this point in the record, would you also explain the difference between a contract and a grant.

Mr. Glennan. The way we will try and treat it, yes.

[The information follows:]

Difference Between A Contract and A Grant

Because the NIE is required by law to expend not less than 90 percent of its appropriations "through grants or contracts with qualified public or private agencies and individuals", the contract and grant award plays an important role in NIE's mission.

The differences between grants and contracts can be attributed to differences in statutory and regulatory authority or guidelines applicable to each and to the traditional purpose of each type of award. Contracts have long been the mechanism by which the Government procured needed goods and services. On the other hand, grants have traditionally been used to support someone else's project or activities.

A grant implies that while there may be frequent scientific or technological contact, the need for unilateral scientific, technical or administrative direction would be minimal. Grants are preferred when the initiative primarily originates with the applicant for support.

A contract, on the other hand, implies that technical or administrative monitoring or participation may be expected. Contracts are preferred when the initiative for undertaking the activity primarily originates with the Federal Government. Contracts are made when an award is made to a commercial that is, profitmaking corporation.

DHEW regulations prescribe basic selection criteria for using a contract or a grant. These are as follows:

A. *Contracts.*—The contract is the appropriate instrument when:

(1) The objective is the acquisition of a specified service or end product for the Government; or

(2) In order to accomplish its mission, the awarding agency must exercise considerable direction and control over the manner of performance or timing of the work.

B. *Grants.*—The grant is the appropriate instrument for providing support of an activity of the applicant which is in furtherance of a statutory purpose of the awarding agency when:

(1) There is no expectation of a specific service or end product to be furnished to the Government.

(2) The awarding agency does not need to exercise considerable direction or control over the manner of performance or timing of the work, and therefore, extensive freedom of approach in carrying out the purpose of award is reserved to the recipient.

Mrs. Green. We find it is a distinction without a difference as we have looked at them at O.E.

Mr. Glennan. Right. We are trying to combine them into the same procurement office and to apply selection procedures similar to each. We are grappling with that same problem. It is a difficult one.

Mrs. Green. Also, I do not quite understand, you have $25,000 as the cut-off point for sole source. Above that—you have to have bids; under $25,000 you can—

Mr. Glennan. That is a part of the sequence of steps. Below $25,000 I believe the sole source, if I recall this correctly, the sole source judgment can be made by the contracting officer; beyond that it works up to where anything over—no, it is $2,500 for the contracting officer, $25,000 I guess gets up to the program head, and beyond that it comes up to us.

Mrs. **Green**. We have similar provisions in Multnomah County. We find they then divide it up to stay within the technicalities of the law. So they divide it into four contracts.

Do you have the same procedure in OE?

Mr. **Glennan**. I hope not. If I find out we have, we will have some problems.

Look, the future of this Institute depends upon our not doing those kinds of things.

Mrs. **Green**. Well, I am sure some people in the Office of Education several years ago would have said those exact words.

Mr. **Glennan**. I suppose.

NEED FOR RESEARCH

Mrs. **Green**. I really would echo Mr. Robinson's statement; I have a serious reservation about how much new research we really need at this time.

My question is, whether we should not consider a moratorium on all contracts and grants for 2 or 3 years. In OE there are 50,000 "live" contracts and grants that require some degree of monitoring. It seems to me it would take just a few years just to straighten those out.

I agree with Mr. Robinson that there are tremendous developments all across the country in education, things that are being tried. I can remember a high school teacher who developed an audiovisual system in one of the Portland high schools to teach welding. It was revolutionary. It was his own brainchild. There was not a dime of Federal funds in it.

I could describe 20 others in Oregon. This is happening in every single State of the Union.

It seems to me that something that would be far more practical for educators to improve the quality would be a compilation of all of the good programs, which could be done through your State superintendents, a compilation of these, where they were developed, how well they worked and a recommendation that they might be tried in other places, rather than to say we must give new contracts and grants for more and more research.

DIFFICULTIES OF LIMITING ACTIVITY

Mr. **Glennan**. I would say that we need both. It is a long answer, but let me just say that as we have looked at the problem of trying to talk about programs that have worked someplace and to make judgments about whether we should, if you will, endorse it by publishing we have found, first, that the question of what works is very difficult to really ascertain.

Second, frequently it is so clear that the success of a program is dependent upon the charisma of a particular individual and that is not something that can be easily transferred. So we think we have an awful lot of work to do to understand just how to select programs in the first place and then describe them for superintendents in a way in which they can understand what is really required to make the program work.

We have talked with superintendents and asked them: When we do in fact pull together these practices, what is it that you need to know about them? What should we as an institute be providing you in the way of information?

It turns out that they need to know about an awful lot of things that are not apparent by just walking into that classroom.

Mr. Glennan. I think the problem is exactly the same.

Mrs. Green. All right. Then why could we not compile all of these good programs at the present time and make them known instead of saying well, we have to do some research?

Mr. Glennan. We will do both of them. I think we have to do research, I think we have to do development, I think there are things that need to be done.

As in the case of career education, I think there are lots of things around that we can at the same time describe and make available and provide the kind of evidence and descriptions that have been helpful to educators as they look for better ways to provide a career education.

Mrs. Green. I have two more comments.

Mr. Miller. Could I make one comment, Mrs. Green?

Mrs. Green. Sure.

Mr. Miller. To add one small voice to what Dr. Glennan has said—the tenor of all questioning here has been as though some major massive funding effort is being mounted that is going to take away from operational funds in education. In fact, this is one-tenth of the amount of money that we are spending on biomedical research, just one-tenth we are asking be devoted to seeing if we can do something from the standpoint of research about the very real problems of education.

In every area of research, of course, money is wasted. There are false starts, duplications, and overlaps. But I think we are in perspective with this request.

I think not to spend at least this much money, trying to find out how we can influence the system better, would be a serious mistake.

INTANGIBILITY OF SOCIAL RESEARCH

Mrs. Green. Much of the biomedical research has to do with learning abilities or learning barriers. Research in social areas is pretty intangible and often depends on a person's philosophy. The evaluation or monitoring of contracts and grants is most often not done. No one learns of the results.

Mr. Miller. But the money we put into biomedical research is also a great deal on faith alone.

COMPETITION IN GRANT AND CONTRACT SUPPORT

Mrs. Green. You made one statement, Mr. Glennan. that you felt the people who were out to get the contracts really were the best ones.

Mr. Glennan. Out to get the contracts?

Mrs. Green. The ones who were really out to secure a contract were most energetic.

Mr. Glennan. No, I do not—I hope I did not make that statement. I think some of the best people will not go after contracts because they find that the whole process by which contracts are awarded is a process they would rather not be associated with.

Mrs. Green. I misunderstood you then. I was surprised by the statement. I misunderstood.

Mr. Glennan. No. We hope to find ways to bring competition to most everything we do. We are going to emphasize that.

We hope we can find ways of promoting competition that does not have the disastrous effects which have occurred particularly with the consulting firms, but also in general, where competitions have been created for relatively small contracts where more money is spent writing proposals than is spent on doing the research, and where the judgment has been made mostly on the basis of what some copywriter has written or some hot-shot promotion type who then moves on to the next proposal. That does not do anybody any good. It does not do the industry itself any good; it does not do us any good.

SUPPORT FOR RESEARCH VERSUS SUPPORT FOR SERVICES

Mrs. Green. I am glad to have that point straightened out, because one of the professions which has been newly established in the last 10 years is the profession of grantsmanship. Have you any estimate of how many "5 percenters" we have around town whose sole occupation is that? It would be interesting to determine.

I understand there is a recent court decision that the public schools now must take all children whether they are emotionally disturbed or mentally retarded or anything else, they must take them all; when I see schools closing early because they just do not have enough money to keep the doors open and when Los Angeles had to cut out $50 million in services and programs, which meant remedial reading teachers and counselors and guidance and others because tax levies were defeated; when I see kids going to school and they do not have glasses when they need them, and just a small sum spent on that would make all the difference; when I see school districts do not have enough books and all the other desperate needs by local schools—I just really think that the great weakness in this budget is a lack of concern about the items that would affect the lives of kids day in and day out. So much of the research funds are wasted; much of it is esoteric, and even that which is good, you have already pointed out the difficulty of ever evaluating it—and getting the results to the people who could use it.

So I have real reservations about where we are headed.

Thank you, Mr. Chairman.

Mr. Flood. Thank you very much.

Justification of the Budget Estimates

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

NATIONAL INSTITUTE OF EDUCATION

Amounts Available for Obligation

	1973 Revised	1974
Appropriation	$ ---	$162,197,000
Enacted Supplemental Appropriation	92,082,000	---
Real transfer from:		
"Educational Development", Office of Education, for Dissemination and D.C. Schools	17,000,000	---
"Salaries and Expenses", Office of Education, for personnel costs related to Dissemination	918,000	---
Comparative transfer to:		
"Departmental Management", Office of Secretary, DHEW, for Support of Department Library	-1,000	---
Comparative transfer from:		
"Educational Development", Office of Education, for Special Technology Projects	7,000,000	---
"Salaries and Expenses", Office of Education, for Support of R&D Programs	1,772,000	---
"Economic Opportunity Program", Office of Economic Opportunity, for Educational R&D Programs	26,553,000[1]	---
Total, obligations	$145,324,000	$162,197,000

[1] Tentative estimate of comparative transfer from the Office of Economic Opportunity.

Obligations by Activity

	1973 Estimate		1974 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Research and development.........	---	$135,791,000	---	$150,753,000	---	+$14,962,000
Program direction and administration..	462	9,533,000	462	11,444,000	---	+ 1,911,000
Total obligations...	462	145,324,000	462	162,197,000	---	+ 16,873,000

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Total number of permanent positions	462	462	---
Full-time equivalent of all other positions	21	23	+ 2
Average number of all employees	386	466	+80
Personnel compensation:			
Permanent positions	$ 6,203,000	$ 7,614,000	+$ 1,411,000
Positions other than permanent	207,000	247,000	+ 40,000
Other personnel compensation	24,000	24,000	---
Subtotal, personnel compensation	6,434,000	7,885,000	+ 1,451,000
Personnel benefits	539,000	661,000	+ 122,000
Travel and transportation of persons	822,000	1,115,000	+ 293,000
Transportation of things	35,000	35,000	---
Rent, communications and utilities	623,000	702,000	+ 79,000
Printing and reproduction	135,000	135,000	---
Other services	59,545,000	73,655,000	+ 14,110,000
Supplies and materials	83,000	83,000	---
Equipment	130,000	35,000	- 95,000
Grants, subsidies and contributions	76,978,000	77,891,000	+ 913,000
Total obligations by object	145,324,000	162,197,000	+ 16,873,000

Summary of Changes

Estimated obligations 1973	$145,324,000
Estimated obligations 1974	162,197,000
Net change	$+16,873,000

	Base		Change from Base	
	Pos.	Amount	Pos.	Amount
Increases:				
A. Built-in:				
Annualization of 176 new positions authorized in 1973 but funded for only half of that year	462	$ 9,533,000	—	$+ 2,006,000
B. Program:				
1. Non-competing continuations	--	92,097,000	—	+ 6,231,000
2. Competing continuations	—	23,820,000	—	+ 3,645,000
3. Expansion of existing programs and new R&D activities	—	19,874,000	--	+ 5,086,000
Subtotal Program		135,791,000		+14,962,000
Total, increases	462	145,324,000	--	+16,968,000
Decreases:				
A. Administrative:				
Non-recurring cost of equipment	--	--	--	- 95,000
Total, net change	--	--	--	+16,873,000

Explanation of Changes

Increases:

A. Built-in:

An amount of $2,006,000 is requested to annualize the 176 new positions authorized in 1973 and funded for half of that year. Total Salaries and Expenses costs for 1974 are $11,400,000.

B. Program:

1. An increase of $6,231,000 is requested to support R&D project awards made in prior years which will be funded in 1974 as a non-competing continuation. The total non-competing continuation costs for 1974 will be approximately $98,300,000.

2. An increase of $3,645,000 is requested to continue a level of program effort comparable to the prior fiscal year on a competing basis. Included are programs such as the field initiated studies and dissemination programs. Total competing continuation costs for 1974 are approximately $27,500,000.

3. An increase of $5,086,000 is requested to expand existing activities as well as provide funds for new R&D initiatives to be undertaken by the Institute. Total funds available in 1974 for expansion of current activities and new initiatives is approximately $25,000,000.

Decreases:

A decrease of $95,000 is anticipated as a result of non-recurring equipment costs associated with the 176 new positions authorized and funded in 1973.

Authorizing Legislation

Legislation	1974 Authorized	1974 Appropriation Requested
General Education Provisions Act:		
Part A -- Section 405		
National Institute of Education	1/	$162,197,000

1/ $550,000,000 authorized for a three-year period beginning Fiscal Year 1973.

General Education Provisions Act

Part A, Section 405 - National Institute of Education

"(e)(1) In order to carry out the objectives of the Institute, the Director is authorized, through the Institute, to conduct educational research; collect and disseminate the findings of educational research; train individuals in educational research; assist and foster such research, collection, dissemination, or training through grants, or technical assistance to, or jointly financed cooperative arrangements with, public or private organizations, institutions, agencies, or individuals; promote the coordination of such research and research support within the Federal Government; and may construct or provide (by grant or otherwise) for such facilities as he determines may be required to accomplish such purposes. As used in this subsection, the term 'educational research' includes research (basic and applied), planning, surveys, evaluations, investigations, experiments, developments, and demonstrations in the field of education (including career education).

"(2) Not less than 90 per centum of the funds appropriated pursuant to subsection (h) for any fiscal year shall be expended to carry out this section through grants or contracts with qualified public or private agencies and individuals.

"(h) There are hereby authorized to be appropriated, without fiscal year limitations, $550,000,000, in the aggregate, for the period beginning July 1, 1972, and ending June 30, 1975, to carry out the functions of the Institute. Sums so appropriated shall, notwithstanding any other provision of law unless enacted in express limitation of this subsection, remain available for the purposes of this subsection until expended.".

Explanation of Transfers

	1973 Estimate	Purpose
Real transfer from:		
Educational Development, Office of Education	$17,000,000	Appropriation language for the National Institute of Education, 1973, authorizes the transfer from OE to NIE of the District of Columbia schools project, certain dissemination projects, and related salary and expense items.
Salaries and Expenses, Office of Education	918,000	
Comparative transfer to:		
Departmental Management, Office of Secretary	-1,000	Represents transfer to affect consolidated budget presentation for the Health, Education, and Welfare central library.
Comparative transfer from:		
Educational Development, Office of Education	7,000,000	Reflects transfer of Special Technology projects to the National Institute of Education.
Salaries and Expenses, Office of Education	1,772,000	Represents transfer of staffing and other administrative costs associated with programs transferred from the Office of Education.
Economic Opportunity Program, Office of Economic Opportunity	26,553,000[1/]	Represents transfer of educational R&D programs to the National Institute of Education. This transfer was part of the President's reorganization of the Office of Economic Opportunity.

[1/] Tentative estimate of comparative transfer from the Office of Economic Opportunity

National Institute of Education

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1973	118,634,000	118,634,000	118,634,000	118,634,000
Proposed transfer	26,690,000			
1974	162,197,000			

JUSTIFICATION

National Institute of Education

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	462	$ 6,973,000	462	$ 8,546,000	--	+$ 1,573,000
Other expenses	--	138,351,000	--	153,651,000	--	+ 15,300,000
Total	462	$145,324,000	462	$162,197,000	--	+$16,873,000

I. General Statement

The National Institute of Education (NIE) was authorized by section 405 of the General Education Provisions Act as an independent agency within the Education Division of the Department of Health, Education, and Welfare. The new agency was formally established on August 1, 1972. Its purpose is to improve American education through the conduct of research and development activities.

In establishing NIE, the Congress declared it to be the policy of the United States "to provide to every person an equal opportunity to receive an education of high quality regardless of his race, color, religion, sex, national origin, or social class...To achieve quality will require far more dependable knowledge about the processes of learning and education than now exists or can be expected from present research and experimentation in the field...the Federal Government has a clear responsibility to provide leadership in the conduct and support of scientific inquiry into the educational process." NIE was established to provide this leadership. The Congress indicated that the Institute should carry out its mandate by:

- "helping to solve or to alleviate the problems of, and advance the objectives of, American education;
- "advancing the practice of education, as an art, science, and profession;
- "the strengthening of the scientific and technological foundations of education; and
- "building an effective educational research and development system."

These legislative purposes have provided the framework for the Institute's budget submission.

The first budget for the Institute totaled $110,000,000. These funds were contained in the 1973 Supplemental Appropriation which provided $92,082,000 and authorized $17,918,000 to be transferred from the Office of Education for dissemination activities, the D.C. Schools Project and related salaries and expenses. NIE also had transferred to it practically all of the research and development activities previously administered by the Office of Education, including the programs of the educational laboratories and research and development centers, the career education models program, the experimental schools program, and several others. These transferred activities accounted for the major portion of the 1973 funds.

The 1974 budget request of $162,197,000 for the Institute includes funds for various educational research programs transferred from the Office of Economic Opportunity and from the Office of Education.

The Institute has been engaged in two major enterprises to assure that its legislative directive is fulfilled:

- a careful review of all the transferred programs to determine their purpose, present status, relationship to research and development and possible requirements for revision and change
- a series of exploratory studies into new problem areas consistent with the purposes in the law to determine if new research and development programs are required.

NIE's authorizing legislation provides for the establishment of a National Council on Educational Research. The Council is to be composed of fifteen members appointed by the President and confirmed by the Senate and shall "establish general policies for, and review the conduct of, the Institute." At the time this budget justification was prepared, the Council had not yet been appointed. Accordingly, the proposed allocations of funds described in the justification are tentative and subject to review by the Council.

This table represents a summary of the major program activities and related budget estimates (dollars rounded) addressed by the following narrative justification.

		1973	1974	Increase or Decrease
I.	**Basic Studies**	$ 21,900,000	$ 32,400,000	+$10,500,000
	A. Field Initiated Studies	10,000,000	20,000,000	+ 10,000,000
	B. Exploratory Studies	11,900,000	11,900,000	--
	C. Scholars Program	--	500,000	+ 500,000
II.	**Research and Development and Utilization Systems**	12,600,000	13,600,000	+ 1,000,000
	A. Strengthening the R&D System	4,700,000	4,700,000	--
	B. Linking Research to Practice	3,300,000	4,300,000	+ 1,000,000
	C. Dissemination of R&D Findings	4,600,000	4,600,000	—
III.	**Programmatic R&D**	101,300,000	104,800,000	+ 3,500,000
	A. Relationship between learning and work	20,800,000	26,900,000	+ 6,100,000
	B. School Initiated Experiments	43,700,000	31,800,000	- 11,900,000
	C. Curriculum Development	17,400,000	24,200,000	+ 6,800,000
	D. Personnel, Organization and Management	8,000,000	8,000,000	--
	E. Post Secondary	3,300,000	5,600,000	+ 2,300,000
	F. Early Learning	2,200,000	2,200,000	--
	G. Minority Concerns	5,900,000	6,100,000	+ 200,000
IV.	**Program Direction and Administration**	9,500,000	11,400,000	+ 1,900,000
	Total	$145,300,000	$162,200,000	+$16,900,000

	1973 Estimate	1974 Estimate	Increase or Decrease
II. **Basic Studies:**			
(a) Field Initiated Studies	$10,000,000	$20,000,000	+$10,000,000
(b) Exploratory Studies	11,900,000	11,900,000	—
(c) Scholars Program	—	500,000	+ 500,000
Total Basic Studies	$21,900,000	$32,400,000	+$10,500,000

Narrative

The activities described in this section of the NIE budget justification are designed to achieve the legislative objective of "strengthening the scientific and technological foundations of education." Thus, the programs included under "basic studies" will focus on developing new knowledge, defining educational problems with precision and analyzing alternatives for policymakers. Such programs generally require basic research. There are no large demonstration or developmental activities included. The research will be of a quality designed to generate the information and approaches that could ultimately lead to solutions for specific educational problems. Most of the work is to be carried out by individual scholars either in NIE or in the academic community at large.

a. **Field Initiated Studies** $10,000,000 $20,000,000 +$10,000,000

A total of $20,000,000 is requested in 1974 for NIE's "Field Initiated Studies" program, which provides funds for research from all fields of study relevant to American education.

The program is designed to enable NIE to respond to and support the ideas and expertise of scholars in the field. Proposals should make a significant contribution toward: (1) expanding and strengthening the foundations of scientific knowledge about the processes and conditions of American education; and/or (2) providing tested solutions to specific practical problems of American education; and/or (3) providing perspective on, and clarification of, the goals and issues of American education.

Individuals as well as colleges, universities, State departments of education and other public or private agencies are eligible to apply for contracts or grants. Profit-making organizations can only be awarded contracts. Proposals in this national competition will be evaluated by both NIE staff and panels of non-governmental experts and awards will be made by the Director of NIE.

There are three categories of support within the program:

1. **Research in Education:** The largest amount of funds within the program will be obligated in this category. Proposals from experienced investigators in any field (except those mentioned below under "Selected Disciplines") are eligible for support.

Panels of non-governmental specialists are being assembled to evaluate proposals in the following areas:

a. Learning and Instruction
b. Human Development
c. Objectives, Measurement, Evaluation, and Research Methodology
d. Social Thought and Processes
e. Organization and Administration

It is expected that the focus of the panels will vary over time as the Institute gains more insight into the problems confronting American education.

The duration of projects approved will be limited to three years, after which new proposals may be submitted for competitive evaluation.

2. Selected Disciplines: The present plan is that each year certain disciplines will be selected for special research attention by the Institute in order to interest researchers outside the traditional educational community in directing their efforts to issues in American education. This approach evolved from work of the Committee on Basic Research in Education (COBRE) of the National Academy of Sciences and the National Academy of Education.

Selected for emphasis for fiscal 1973 were Anthropology, Economics, Political Science and Legal Research. Three outside review panels are currently being assembled--in Anthropology, Economics, and Political Science/Legal Research. The application and review procedure consists of two steps:

a. The applicant submits a three- to five-page prospectus for initial review.

b. Applicants submitting the most highly rated prospectuses will then be invited to submit formal research proposals for evaluation.

3. Small Grants Research: Awards will support research by qualified but less experienced or established researchers in any field. The objective of this activity is to help younger scholars who have not had time to establish a record of research productivity.

To be considered, proposals must meet two basic requirements:

a. The total cost to the National Institute of Education must be no more than $10,000, including overhead costs.

b. The project must be scheduled for completion within 18 months.

A review panel of nongovernmental personnel is being assembled.

Current expectations are that 1973 and 1974 funds will be expended as follows:

Category	No. of Projects		Cost of Average Award	Total Cost	
	1973	1974	1973-1974	1973	1974
I. Grants for Research in Education	100	225	$65,000	$ 6,500,000	$14,750,000
II. Selected Disciplines	50	80	50,000	2,500,000	4,000,000
III. Small Grants	100	125	10,000	1,000,000	1,250,000
Total	250	430		$10,000,000	$20,000,000

	1973	1974
Competing continuations	$10,000,000	$10,000,000
New	--	10,000,000
Total	$10,000,000	$20,000,000

b. **Exploratory Studies** $11,900,000 $11,900,000 $ --

In the two years during which the Congress was considering the proposed National Institute of Education, educational scholars and practitioners from across the country, representing a variety of backgrounds and cultural influences, produced planning documents for the new agency. While there were many differences of opinion and varying priorities among these papers, a number of issues emerged consistently to which NIE was advised to direct attention and resources.

Accordingly, the Institute is beginning exploratory studies in several of these areas. These studies will take the form of inquiries into the nature and dimensions of each problem, including evidence from other countries' experience where appropriate, and focus on the specific research and development needs involved. Such studies could include research on general methodology, research to advance theory in specific disciplinary areas, interdisciplinary research into the range and consequences of policy choices available to government decision-makers, documentation of what existing programs are achieving, etc.

Possible results of exploratory studies are a decision that the problem merits further investigation by the Institute, a report to the public concerning the Institute's analysis, or a decision that the research needs to be refocused.

A total of $11,900,000 in FY 73 and FY 74 is requested for these efforts. Examples of some areas which might be studied are:

1. **Education Goals**

There is increasing concern throughout the country that education be made more responsive to its clientele--students, the community, society. A clear understanding of what is expected from the education system may be a prerequisite of such responsiveness. Therefore, those goals and objectives which different groups of people wish the schools to attain should be identified as clearly and precisely as possible.

Several issues related to educational goals could be explored:

a. The nature of the perceived goals. What is it that significant numbers of Americans want their educational system to accomplish? What are the differences, if any, in the objectives sought by various social and economic groups? Is there much overlap of goals? Are some goals mutually exclusive or even contradictory?

b. The priorities which different groups assign to the goals. Are some groups more interested in certain objectives than other groups? Will this require different kinds of educational programs? On what issues and between which groups is the greatest degree of disagreement found?

Other questions needing exploration deal with various means of expressing goals at the community level, the ability to measure attainment of goals with precision, and the ways of translating statements of goals into concrete policy action.

2. Reading

Universal literacy has always been an implied goal of American education—more recently through the "Right to Read" program, a stated goal. However, relatively little is known about how children learn to read or the optimum age for the teaching of reading skills. Cultural, ethnic, and language differences are powerful forces influencing a child's ability to read, but we do not yet know how to identify these influences and describe their effect on reading ability. A great deal can be learned from studying reading processes within the larger context of children's cognitive development. The effects of increased literacy on societal institutions (the labor market, recreational patterns) have also received little attention. NIE plans a series of studies that will look into these issues.

3. The Use of Resources

The demand for more and better educational services continues to grow while costs rise and efficiency seems to decrease. Communities pressure for redistribution of resources in order to better serve students. In short, there is a critical problem concerning the availability and use of educational resources.

There are a number of areas of inquiry which can help define this multi-faceted problem:

a. Better information about current uses of and constraints on available resources. This would include studies of educational institutions' financial systems, investigations of the interrelationships of federal, state, and local support of education, research into the correlation between educational costs and benefits, and analysis of costs as related to different types of students or educational programs.

b. Experiments with new forms of resource utilization, such as new kinds of staffing arrangements and the use of technology.

c. Development of systems to improve decision-making processes at the school level. This could include the development of more sophisticated computer-based information systems, budgeting systems which directly relate input costs with program outputs, and research with evaluation techniques.

4. Educational Personnel

Professional fields have two main types of workers: practitioners who carry out what is known and acceptable for public use and theorists and researchers who work to advance the state of knowledge. In education the disparity between classroom teachers and educational scholars is much greater than, for example, between physicians and medical researchers. Exploratory studies will look for ways to constructively involve practitioners in formulating research issues and increase the capacity of researchers to frame their research in terms of the needs of practitioners.

Following are some areas for exploratory studies: (a) status of the teaching profession; (b) recruitment of teachers; (c) teacher training and retraining programs; (d) teacher education accreditation practices; and (e) teacher certification practices.

5. Cross-National Studies

Educational problems are common to many nations and frequently can be better understood through comparative or cross-national analysis. Literature review and analysis of how other countries have resolved specific problems can provide the basis for cross-national studies.

Examples of some cross-national studies that could be explored are:

a. other countries' approaches to understanding the relationship between the schooling process and employment;

b. intercultural education in countries which, like our own, have one or more cultural subgroups within their social system;

c. practices other countries have found effective in adapting the formal educational process to the increased demands placed upon it by the world-wide knowledge explosion; and

d. the impact of different life styles in early childhood on achievement in the formal educational system.

Also included in this activity is an estimated $3,000,000 to continue the small research projects transferred from the Office of Economic Opportunity.

Below is a further breakdown of the 1973 and 1974 budget request for this activity:

	1973	1974
Non-competing Continuations	$ 5,500,000	$ 6,500,000
Competing Continuations	—	5,400,000
New	6,400,000	—
Total	$11,900,000	$11,900,000

c. Scholars Program $ — $500,000 +$500,000

The Institute plans to have a separate organizational unit which will house some of the most distinguished educational scholars and practitioners in the country. These men and women will normally reside at NIE for from one to three years under the Institute's authority to hire personnel outside the Civil Service system.

While at NIE, these scholars will do their own research, participate in NIE activities, serve as sources of information and insight to NIE staff, and collectively work on certain common themes of interest to the Institute. It is expected that they will help insure that the Institute's work is of the highest quality.

A total of $500,000 is estimated as the FY 1974 cost of the specific research activities to be carried out by the scholars in residence at NIE.

	1973 Estimate	1974 Estimate	Increase or Decrease
III. Research and Development and Utilization Systems:			
(a) Strengthening the R&D System	$ 4,700,000	$ 4,700,000	$ --
(b) Linking Research to Practice	3,300,000	4,300,000	+ 1,000,000
(c) Dissemination of R&D Findings	4,600,000	4,600,000	--
Total Research and Development Utilization Systems	$12,600,000	$13,600,000	+$1,000,000

Narrative

A primary legislative mission of the Institute is "building an effective educational research and development system", i.e., that combination of people, institutions and procedures which results in high quality research. Moreover, such a system may be considered successful only to the extent that it facilitates the use of scientific knowledge and other products of R&D for the improvement of teaching and learning and responds to the needs of students, teachers, administrators, school boards, and others involved in the day to day business of learning.

Therefore, NIE will focus on three related problems:

1. How to attract highly capable people and develop the support systems for good educational research and development.

2. How to encourage more widespread use of the results of research and development so that beneficial changes occur in the practice of American education.

3. How to communicate R&D information so that it is useful to the research community.

The activities described in this section of the budget address these issues.

a. Strengthening the Research and Development System	$4,700,000	$4,700,000	$ --

A series of studies will be planned and carried out to determine appropriate NIE policies and programs for (a) attracting high quality people into education related research and development, and (b) developing support systems at NIE and in the field to enhance their work.

The studies will begin by identifying knowledgeable persons to assist NIE with the definition of problems which should be explored and will commission papers, let contracts, conduct interviews and utilize internal staff resources to develop recommendations for the NIE Director and the National Council.

The following have been identified as potential departure points for generating ideas and for providing the initial focus of the study:

1. A description of the present resources available to conduct educational research and development in the United States.

2. Alternate conceptual designs for the research and development system based on different perceptions of the R&D process. For example, models might be developed that locate major responsibility for development in university consortia, the commercial sector, or new types of non-profit institutions.

3. Identification of new kinds of personnel needed to make the R&D system more effective. Training requirements for these persons might be developed. Particular emphasis would be placed on bringing minority groups and women into the system as performers.

4. A study of the characteristics of good R&D organizations how they attract and retain good people, their managerial styles, organizational structures, reward systems, staffing patterns, support systems, etc.

5. A study of the performers of educational R&D: who they are, why they are attracted to the field, their career patterns and professional aspirations and the characteristics of R&D performers that seem to be associated with doing high quality research.

A total of $4,700,000 is estimated to be required in 1974 for both the studies and any specific projects required to implement their results.

b. Linking Research to Practice $3,300,000 $4,300,000 +$1,000,000

Historically, it has been extremely difficult to apply the results of research and development to affect the practice of education in American schools in a manner that would bring about sustained beneficial change. The Congress, recognizing the importance of this problem to the success of the National Institute of Education, placed primary responsibility in the Institute for the complex set of dissemination/utilization functions which are an essential element in the Government's objective to improve the practice of American education. In order to assure that these functions are handled correctly, NIE will ask personnel outside the Institute to advise it on these issues.

These people will be familiar with such areas as public policy, communications, research utilization, marketing, economics, organization development and the practice of education. They will advise the National Institute of Education concerning the nature of educational reform, the factors that promote and inhibit effective sustained reform, and the way these fundings can improve the dissemination and utilization process. They will look into a variety of issues including:

1. The principal theories of social change and, where possible, social experiments predicated upon them.

2. The experience of selected government and non-government agencies in the area of planned social change, including

the major experiments undertaken and how they succeeded or failed.

3. An examination of the various ways change occurs in education.

4. The feasible roles for commercial publishers in marketing products of research and development.

5. Appropriate means of identifying and disseminating innovative products and practices and strategies for delivering them to the consumer.

A total of $4,300,000 in 1974 is estimated for the projects and program results from these studies.

c. Dissemination of R&D Findings $4,600,000 $4,600,000 $ —

An estimated $4,600,000 will be obligated in FY 1974 for activities which distribute information about the results of educational R&D to the field.

The largest ongoing activity in this area is the Educational Resources Information Center (ERIC) program, a network of 18 clearinghouses, each of which covers a given field or topical area. These clearinghouses acquire, abstract, index and announce current reports relevant to education. ERIC is a comprehensive and replicable educational document retrieval system providing quick access to an expanding file of current, screened literature relevant to education. Over 525 organizations bought ERIC collections in FY 1972 and 21 million documents were sold.

NIE will be reviewing the ERIC system. In the interim, the Institute plans to (a) maintain ERIC as the national information system for current, significant literature relevant to education; (b) close gaps in present coverage; (c) expand international holdings; (d) increase the number of organizations maintaining complete collections to 530; (e) develop and improve standardized management procedures; and (f) arrange for clearinghouses to be able to respond and contribute to NIE dissemination programs.

In addition, several studies of the ERIC system will be undertaken:

1. A study of the criteria presently used by clearinghouses to select documents for inclusion in the ERIC system;

2. A thorough cost analysis of ERIC as a prelude to cost-effectiveness and trade-off reviews of the various components, products and services of ERIC; and

3. A study of ways to establish a continuing feedback from users to the designers and managers of ERIC to make the products and services more responsive and relevant to the consumers.

An estimated $4,600,000 will be requested in 1974 to continue the ERIC system and the studies indicated.

Below is a further breakdown of the costs associated with Research and Development and Utilization systems for FY 73 and FY 74.

	1973	1974
Non-competing Continuations	$ 2,700,000	$ 1,000,000
Competing Continuations	7,500,000	8,000,000
New	2,400,000	4,600,000
Total	$12,600,000	$13,600,000

	1973 Estimate	1974 Estimate	Increase or Decrease
IV. Programmatic R&D			
(a) Relationship between learning and work	$ 20,800,000	$ 26,900,000	+$ 6,100,000
(b) School initiated experiments	43,700,000	31,800,000	- 11,900,000
(c) Curriculum development	17,400,000	24,200,000	+ 6,800,000
(d) Personnel, Organization and Management	8,000,000	8,000,000	--
(e) Post Secondary	3,300,000	5,600,000	+ 2,300,000
(f) Early Learning	2,200,000	2,200,000	--
(g) Minority Concerns	5,900,000	6,100,000	+ 200,000
Total Programmatic R&D	$101,300,000	$104,800,000	+$ 3,500,000

Narrative

The activities in this section of the budget are intended to implement the legislative directive to NIE for "helping to solve or alleviate the problems of, and advance the objectives of, American education."

All the programs are therefore focused on specific problem areas. They are almost all "development" or "demonstration" programs and are usually fairly large in scope. Their purpose is to develop specific solutions to problems or to improve educational practice.

Most of the programs transferred from the Office of Education are presented in this section of the budget. For example, the "relationship between learning and work" includes costs associated with the career education model development program. Additionally, included in NIE's category "school initiated experiments" are funds to support both the District of Columbia schools project and the experimental schools program (both transferred from the Office of Education) and the voucher experiment program transferred from the Office of Economic Opportunity.

Supported in this section of the budget are a large number of projects administered by the educational laboratories and research and development centers (also transferred from the Office of Education).

During 1973 the Federal government will shift from direct institutional support of these laboratories and centers to the purchase of individual programs. These institutions (under the new policy) will be viewed as private non-profit contractors which can respond to requests for proposals from NIE or other agencies. They may also submit unsolicited proposals to be judged on their merit just as any individual or other institution can do.

More than 70 independent experts participated as members of several panels to evaluate the technical quality, educational significance, and staff capability of the 68 programs administered by the laboratories and centers.

These "specialist panels" referred their findings to a "master panel," a different group of independent experts selected by NIE, which reviewed the recommendations and comments of the specialist panels. Final determination on contract extensions were made by the NIE Director primarily on the basis of the master panel's recommendations.

Of the 68 programs reviewed:

-- 11 will be phased out during 1973

-- 5 were planned new starts and not considered for funding

-- 25 will receive contracts for one year or less

-- 4 will receive contracts for two years

-- 22 will receive contracts for three years

-- 1 was funded during FY 1972 for one year

Fiscal 1973 funding obligations for the 68 programs totals $33,800,000. Current 1974 funding estimates of programs to be continued is $34,000,000.

All institutions will become independent contractors by November, 1973.

a. Relationship Between Learning and Work $20,800,000 $26,900,000 +$6,100,000

Recognition of the problems encountered by youth in transition from school to work, adults who seek mid-career employment changes, and women and minorities who desire a more equitable distribution of income and of desirable jobs, have given rise to a number of programs, including those frequently described as career education.

For the NIE research and development program, career education is defined as the development of knowledge and abilities to help individuals and groups in getting, holding and advancing in a job or in a series of jobs that constitute a career. Career education, in this definition, is concerned with how people earn their living: do they earn enough to maintain a decent standard of living, and do they like what they are doing. The two populations selected for R&D emphasis are youth and mid-career adults.

In 1973 and 1974, NIE will be (a) reviewing existing "models" and other programs transferred from the Office of Education to see how their activities can be brought to bear on the relationship between learning and work as defined above; and (b) starting new policy analyses and research activities to define the problems and identify alternative solutions more precisely.

The existing and new activities are described below.

1. School Based Model

The Model I program began in June 1971 with the selection of the Center for Vocational and Technical Education (CVTE) at Ohio State University by USOE to be manager, monitor and prime contractor for the effort. The program is aimed at curriculum development, from kindergarten through high school, across all subject levels, and includes a set of adjunct components, guidance placement, support systems, staff development, etc. Presently, 11 schools in six local education agencies, with 3,500 teachers and 85,000 students are participating in the development and field test efforts.

FY 1973 accomplishments include the completion of development and initial field testing of 98 curriculum units. The latter part of FY 1973 and FY 1974 will be devoted to validating the developmental products, revising them and providing a dissemination mechanism to assure access by school districts and others.

2. Employer Based Model

Model II emphasizes the exploration and development of the "workplace" (i.e., public and private employers) as a primary focus for education. Four Employer-Based Career Education (EBCE) projects are currently operational: in Philadelphia; Charleston, West Virginia; Oakland, California; and Portland, Oregon. Over two hundred 11th and 12th grade students, representing a cross-section of secondary school enrollment, are voluntarily engaged in the programs and are participating in educational activities with some 35 to 75 employers in each project.

3. Home/Community Based Model

Model III is designed to expand and improve the options of home-based adults (those not employed full-time and not in educational institutions full-time) for employment in the future. Using Providence, Rhode Island as the pilot site, the model proposes to test the effectiveness of particular strategies, services, materials, and institutional changes in achieving this goal.

4. Residential Based Model

This is a program to provide low-income and socially maladjusted families from rural areas with career education in a residential setting to improve their employability and quality of life. This model incorporates an extensive follow-up program at the local community level as well as an intensive educational and service program for the entire family at the residential center. Two hundred families will be served annually, beginning in FY 1973, at the site on the Glascow Air Force Base in Glascow, Montana.

5. Vocational and Career Education Projects

Twenty-five separate projects comprise this activity grouped into nine programs at four institutions. The largest number are based in the Center for Vocational and Technical Education at Ohio State University. The rest of the programs are located at the North Carolina State University, Johns Hopkins University, and the Appalachia Educational Laboratory in Charleston, West Virginia.

The projects deal with a diversity of issues in vocational and career education. At the Appalachian Educational Laboratory, a Career Decision Making Program seeks to identify processes used by students in making career decisions. Programs at Ohio State focus on issues such as the development of career planning support systems, instructional systems, information, evaluation and planning system and diffusion strategies for career education. North Carolina State is looking at the problem of articulating educational systems with adult society and Johns Hopkins is developing a program that will attempt to infuse existing curricula with current career information.

6. New Activities

Several new activities in the areas of career education specifically related to youth and to the problems of mid-career adults are being started in an attempt to deal with some of the basic issues confronting these two groups, such as:

- For whom, and under what circumstances, is job satisfaction an effective substitute for, and a complement to, financial rewards from work?
- What is the value of experiential learning and the social consequences of alternative means of providing experiential career education?
- What are the basic skills necessary for entry into career rather than dead-end jobs? What are some alternative methods for providing these basic skills?
- How can we best measure the quality of such things as "ability to plan and make career decisions", "job preparedness", "career information", etc.?
- What sort of standards should we have for career education programs? What is meant by the claim that a program is "field tested"? Is there need for a "consumer protection laboratory" to test the claims of new career education materials, and how would such a laboratory operate?

NIE proposes to deal with these problems through means of research, policy analysis, program development, experimentation, and dissemination efforts. Developing better means of evaluation will be another major effort.

Estimated funding for these activities in 1973 and 1974 is as follows:

	1973 Estimate	1974 Estimate
Career Education Models		
Model I (School Based)	$ 4,500,000	$ 2,300,000
Model II (Employer Based)	800,000	5,200,000
Model III (Home Based)	1,600,000	1,200,000
Model IV (Residential)	5,200,000	4,500,000
Total	$12,100,000	$13,200,000
Vocational and Career Education Projects		
Ohio State University	$ 2,500,000	$ 2,500,000
North Carolina State University	600,000	600,000
Johns Hopkins University	300,000	300,000
Appalachia Educational Laboratory	300,000	300,000
Total	$ 3,700,000	$ 3,700,000
New Activities		
Youth-Related Studies	$ 2,500,000	$ 3,750,000
Adult-Related Studies	1,300,000	3,500,000
Evaluation	1,200,000	2,750,000
Total	$ 5,000,000	$10,000,000
Grand Total	$20,800,000	$26,900,000

	1973	1974
Non-competing Continuations	$15,800,000	$16,900,000
Competing Continuations	5,000,000	4,100,000
New	--	5,900,000
Total	$20,800,000	$26,900,000

b. School Initiated Experiments $43,700,000 $31,800,000 -$11,900,000

Several large development and demonstration programs administered by NIE are, to a significant degree, the result of ideas and practices which originated in the schools themselves.

The present activities which fall in this category are (1) the Experimental Schools program (transferred from OE); (2) the D.C. Schools project (transferred from OE); and (3) the "educational voucher" program (transferred from OEO) which has been labeled the "governance" program.

It should be noted that while the funding in this category appears to decrease in FY 1974 as compared to 1973, this is because of the multi-year funding of the Experimental Schools program and not because of any real decrease in funds (explained further in the Experimental Schools section).

1. Experimental Schools ($20,200,000) (9,548,000) (-$10,652,000)

Purpose:

The Experimental Schools program was proposed by the President in 1970 to serve "as a bridge between basic educational research and actual school practices."

Office of Education Administration of the Program:

Prior to August 1, 1972, the Experimental Schools program was administered as part of the Office of Education. On that date, it was transferred to the newly established National Institute of Education in accordance with the provisions of the Education Amendments of 1972. The Office of Education administered the program to test the hypothesis that significant and lasting improvement in schooling, beyond that made possible by a number of unintegrated innovative elements, was much more likely to occur if comprehensive changes were introduced into all the important elements of the system--curriculum, approaches to instruction, organization, system of governance, and relationship to the community.

The important characteristics of the program as originally implemented were:

- school districts were asked to analyze their own problems and propose their own solutions

- the choice of curriculum, organization, staffing patterns, and internal evaluation measures are all the choice of local personnel and the community--not the Federal Government

- the target population is large enough to allow for sufficient experimentation but small enough to be thoroughly evaluated and documented

-- major portions of a school system--or even the whole system--were included rather than just a few classrooms or schools

-- there was involvement of all grade levels from kindergarten through 12th grade

-- the results were to be carefully observed and documented from the start of the project to identify both what appeared to succeed and what appeared to fail

-- projects were to last for five years to allow continuity and internal integrity while testing and retesting possible alternatives

Characteristics of Currently Funded Projects:

Each of the projects funded to date under the Experimental Schools program have a different set of characteristics which are being tested and evaluated.

-- In the Minneapolis, Minnesota public schools about 3,000 school-age children are being provided with a variety of options in subject areas, governance, and teaching styles.

-- Within the Franklin Pierce school district in Washington, six of the thirteen schools are providing each student with a diagnosis and academic prescription which will meet his specific needs Elements included in the academic prescription are the length of the school day, the hours a pupil is required to be in school, a four-day week, a month off and a 12-month school year.

-- At Berkeley, California approximately 4,000 children are involved in experimental programs such as the open classroom, free school governance, bilingual teaching, multi-cultural classroom focus, and remedial and team teaching to cite just a few. Common among all the alternatives offered at Berkeley is the eradication of academic failure, absenteeism and institutional racism.

-- The Greenville County, South Carolina school district offers a wide variety of promising school practices including curriculum changes involving nationally tested programs, a high school program organized into short courses and basic skills in a practical use context. Governance is a key part of the project to ensure wide community participation in decision making.

-- At the Edgewood Indepdendent school district in San Antonio, Texas 5,000 students (predominantly Mexican-American) participate in a project whose main purpose is to provide an alternative to a system of schooling which presently is incompatible with the cultural and learning characteristics of the children. The experiment includes new ways of training teachers, determining staffing patterns, providing subject matter, developing test measures, implementing regulations, involving parents, designing curriculum and arranging space.

-- In South Bend, Indiana; Oakland, California; and the District of Columbia the local Urban League will operate a Street Academy (community based learning center) to try anew to serve that portion of the population which has not been able to "make it" in the regular school program. In all three cities, these Street Academy students will be predominantly black and poor. Every tradition of schooling is being challenged in these "academies" i.e., curriculum, staffing patterns, teacher training, organization of the classroom, testing and record keeping.

-- Six small schools in rural school systems received awards to test new ideas for educational improvement which are developed in and for a small rural school setting. Projects are operational in Alaska, Mississippi, Kentucky, Oregon, Washington, and Michigan. Each of the selected sites within these states share problems of poverty, isolation, high unemployment and a loss of young people. In addition to the six operational sites, six additional sites are completing one-year planning grants for programs that may begin in September, 1973; Groveton, New Hampshire; Willcox, Arizona; Lead-Deadwood, South Dakota; Carbon County, Wyoming; Okolona, Mississippi; and Kittson County, Minnesota.

NIE Plans:

NIE views the Experimental School sites as a series of locations where a rich collection of real-school experiences are available for observation--a group of "laboratories" quite unlike the small scale, controlled experiment one might more often associate with research.

NIE plans, accordingly:

- To meet existing commitments for support of sites through their expected 5-year life
- To strengthen design of the "evaluation" component to assure that the observations and documentation of results provide generalizable results, transferrable to other communities, about the process of change and the means for producing it

Fiscal Year 1973:

Of the $20,200,000 available for the Experimental Schools program in 1973, $13,700,000 is required to (a) complete the 5-year support, including evaluation of the first three projects noted above (Minneapolis, Franklin Pierce and Berkeley which were begun in FY 1971) and (b) fund the first group of small rural school projects described earlier. In addition, $6,500,000 is estimated to be required for the operation and evaluation of the remaining small rural school projects which will become operational in 1973 and one additional new project.

Fiscal Year 1974:

The request of $9,548,000 will provide funds to complete the 5-year support for the Greenville, Edgewood and Urban League projects which began in FY 1972, including funds for the evaluation of the projects.

	1973	1974
Non-competing Continuations	$13,700,000	$9,548,000
Competing Continuations	1,300,000	--
New	5,200,000	--
Total	$20,200,000	$9,548,000

2. D.C. Schools Project $2,250,000 $2,250,000 $ --

This project was transferred to NIE from the Office of Education. The existing plan--called the Response to Educational Needs Project (RENP) was developed by a task force composed of D.C. school personnel, consultants and a community liaison person.

RENP aims to increase the cognitive and emotional growth of children in the Washington, D.C. school system. The goals of the program are:

- "To revitalize the existing educational system, to reverse ineffectual teaching strategies, to stimulate innovative concepts for instruction and utilization of school facilities,...to allow for flexible scheduling in secondary schools, to decentralize authority and build in accountability and to develop and encourage self-assurance and positive self-feelings among all school staff."

- To emphasize "development of a positive self-concept and cognitive skills, especially reading,...(and to)...strengthen cultural identity, draw upon the child's interests, allow for learning through discovery, and create independence.." (Quotes from RENP planning document)

RENP is scheduled to operate in 18 elementary and secondary schools in Anacostia, serving approximately 20,000 students. The plan emphasizes individualized classroom techniques, career orientation, revitalized curriculum, strong community organization, and community participation in local school policy-making.

The two major program elements of the proposal are the Instructional Component, which aims to introduce open classroom teaching strategies into the classroom, and the Community Education Component, designed to organize the RENP community, especially parents, around educational issues important to the instructional process.

The Instructional Component will train staff to design and operate classroom learning centers for individualized instruction and independent study. Schools will be assisted in setting up science, reading, math, or career resource centers, as well as media centers. In addition, they will be encouraged to use a team approach to classroom instruction and supportive services. The Community Education Component will bring the schools and community together through local school boards which have advisory roles on school policy.

NIE is currently reviewing this plan to determine its R&D adequacy. 1973 and 1974 funding is estimated at $2,250,000 each year.

3. Governance ($21,200,000) ($20,000,000) (-$1,200,000)

The major activity being carried out in the area of governance is the educational voucher experiment which is being transferred from OEO to NIE.

The major objective of this expetiment is to test the concept of a competitive educational marketplace and a new form of educational funding: the educational voucher system. Under this experiment, parents are allowed to select from a set of alternatives the education programs in the school which they have chosen for their children. The school selected receives the voucher which is then redeemable from a central administrative office. The voucher is worth roughly the per pupil cost of education in the community. The experiment is designed to determine what are the characteristics of schools which have been selected by parents, from a set of alternatives, for their children's attendance and parents' satisfaction with those alternatives.

If results warrant, this experiment may suggest a means of systematic change or major adjustment in the current system for the delivery of education in this country. Educational vouchers may be a significant means of providing the opportunity for equal education to the poor. It may also provide a viable system of educational accountability available to all parents, regardless of income. Careful controls have been required to: (a) preclude racial discrimination and (b) provide complete, meaningful information to parents, and ensure financial and managerial reliability. The overall experimental design is large scale and longitudinal, running from five to eight years per site. Virtually every important aspect of what takes place during the experiment will be documented.

The first operational site at Alum Rock School District, San Jose, California, was funded during FY 1972 at approximately $1,974,000. Planning grants for feasibility studies were awarded to New Rochelle and Rochester, New York; Seattle, Washington; San Francisco, California; and Gary, Indiana. Funds were also provided for the design of the overall evaluation of the project, for initial funding of evaluation activity by the Rand Corporation, and for the data management contract.

The original plans for this experiment were to fund the Alum Rock project plus two others in 1973 and a fourth and final site in 1974. These plans are under review by NIE to determine their completeness and compatability with NIE's overall mission. A total of $20,000,000 has been estimated to be required for this program in 1974.

c. Curriculum Development $17,400,000 $24,200,000 +$6,800,000

An estimated $24,200,000 will be obligated for curriculum development projects in 1974. Supported will be those curriculum projects included in the educational labs and R&D centers and special technology projects transferred from OE. Some of these programs are described below.

One major set of activities will involve technology. The forthcoming National Aeronautics and Space Administration Advanced Telecommunications Satellite (NASA ATS/F) will be providing signals to low-cost ground stations starting in April, 1974. Through these low-cost receivers, isolated communities will be able to receive the bulk of services available to other areas. In 1973 and 1974 funds will be made available to the Federation of Rocky Mountain States and to the Alaskan and Appalachian areas for the development of educational materials which could be used by students in these regions by utilizing the satellite signals. This will be a significant demonstration of the potential use of technology in the schools.

A reading project is designed to replace standardized tests presently used in the evaluation of instructional programs in reading with a flexible assessment instrument which will serve as a model for designing evaluation systems for other disciplines.

An elementary program designed to meet the mathematical education needs of all children is being tested in the Carbondale, Illinois schools.

Another program seeks to develop, test, and disseminate programs of instruction geared to individual differences among students. "Typical" school curricula in mathematics, language arts, science, and social studies are redeveloped to this end. Field testing of various components is being carried on in a large number of schools across the country and one completed component, mathematics, is now commercially available. An individualized program for adults in communication skills and mathematics has also been developed and is undergoing extensive field testing.

d. Personnel, Organization and Management $8,000,000 $8,000,000 $ --

A total of 17 projects at eight institutions are focused on the problems or personnel, organization and management in education. An estimated $8,000,000 will be spent on these projects in 1974.

Six projects are designed to develop strategies for improving teacher effectiveness. One project is developing low cost instructional systems for pre-service and in-service training. Another is developing guides to the use of visual media in training teachers and in educating their students. A third is working on a flexible training system for personnel working with children ages three to five and kindergarten through third grade.

Eleven projects are focused on major management problems revolving around change in educational institutions, communities, educational planners, administrators, and decision-makers. Three projects concentrate on studies of management and organizational factors affecting teachers and the teaching profession. Areas to be studied include the management effects of team teaching and the impact of school organization and teacher participation in decision-making on teacher behavior. Other projects are developing management techniques and studying the effects of program planning and budgeting systems in schools. Development of effective organizational structures for the involvement of parents, students, and educators in the schools is the principal objective of another project.

e. Post Secondary $3,300,000 $5,600,000 +$2,300,000

Three postsecondary education projects are being conducted by the National Center for Higher Education Management Systems (NCHEMS) and the National Laboratory of Higher Education (NLHE). An overriding objective of the projects is the strengthening of institutional capability through the development of improved communication and management systems for the use of higher education administrative personnel. One project is concentrating on the servicing of junior colleges and small colleges, including predominantly black colleges. It is designed to increase instructional effectiveness and relevance in two-year colleges. It will assist colleges in establishing clear goals and objectives acceptable to their diverse constituencies, in developing improved instruction systems and in increasing student performance.

Also included in this section is a proposed statewide educational program in Nebraska designed to offer college courses via ETV, videotapes, audio cassettes, films, texts, telephone, etc. to those unable to receive on-campus instruction. State University of Nebraska students will have an opportunity to visit nearby regional resource centers for tutorial and counseling assistance. The use of these centers will allow students to begin and continue courses at will.

An estimated $5,600,000 will be required for existing and new projects in this area in 1974.

f. Early Learning $2,200,000 $2,200,000 $ --

Eight projects relating to the learning activities of young children are presently being carried out at four university-based research and development centers and at the Appalachian Educational Laboratory. The estimated 1974 cost of these projects is $2,200,000, the same as in 1973.

The work at the four university centers includes: a project to increase the cognitive skills of disadvantaged preschoolers; research on how young children acquire ideas; an analysis of individual differences in learning styles and capacities in infants and young children; and development of operating procedures for setting up and operating toddler day-care centers.

The Appalachian Educational Laboratory will design a new approach for preschool education that will serve children living in the sparsely populated rural areas that characterize the Appalachian Region. The program will include a series of video taped programs for broadcast on public and commercial television, with related curriculum materials; a parents' guide, children's activities, home visitor activities, and group session lesson plans.

g. Minority Concerns $5,900,000 $6,100,000 +$ 200,000

Several projects with an estimated 1974 cost of $6,100,000 are developing programs for the benefit of minority populations. The objective of one project is to assist Pacific Northwest Indian children to improve their ability to speak, read, write and understand English and simultaneously increase their self-confidence. Another project will complete the development of bilingual (Spanish and English) instructional materials for young children, ages five to eight. Other projects will develop programs for children in rural areas and for Mexican-American children under six from low-income families.

Listed below is a further breakdown of the budget for Programmatic R&D.

	1973	1974
Non-competing Continuations	$ 83,900,000	$ 90,800,000
Competing Continuations	6,400,000	4,100,000
New	11,000,000	9,900,000
Total	$101,300,000	$104,800,000

V. Salaries and Expenses

Program Direction and Administration	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	462	$6,973,000	462	$ 8,546,000	--	+$1,573,000
Other expenses	--	2,560,000	--	2,898,000	--	+ 338,000
Total	462	$9,533,000	462	$11,444,000	--	+$1,911,000

Narrative

Program direction and administration is defined as those activities performed by NIE personnel which are designed to accomplish the Institute's mission as authorized by the legislation.

In order to address our objectives, the Institute is requesting funds to support: (a) the 350 positions authorized in 1973 for NIE; (b) 40 positions transferred from OEO which related to the educational voucher experiment and other research and development projects; (c) 72 positions transferred from OE which relate to special technology projects and research and development activities; (d) the 15-member National Council on Educational Research; and (e) the equivalent of 19 man-years in consultant panels to evaluate funding proposals.

The National Institute of Education in 1973 conducted a survey of staffing patterns of agencies and organizations involved with research and development. The objective of this study was to determine typical levels of personnel required for programs similar to those which NIE is operating. The result was a series of ratios relating budget amounts to professional positions.

Admittedly, the application of the outcome of the survey to NIE programs has flaws. However, it does represent an attempt by the Instiute to develop a rationale for determining its personnel needs and allocating its human resources to most effectively fulfill its objectives.

Listed below is a summary table which shows the allocations of personnel to the various program areas. Following that table is a more detailed explanation of staffing needs.

Program Category	Number of Permanent Positions Authorized 1974		
	Professional	Clerical	Total
Basic Studies	98	48	146
Research and Development and Utilization Systems	36	18	54
Programmatic R&D	100	49	149
Program Direction and Administration	68	45	113
Total	302	160	462

Basic Studies

NIE anticipates a staff need of 146 permanent positions, 98 professional and 48 clerical, to carry out the Basic Studies program in 1974. The Budget request for this program is $32,400,000; the budget authority/professional ratio is approximately $330,000. Field Initiated Studies program staff will be required to receive and sort proposals, conduct initial screening, support external panel functions, and negotiate and monitor awards. Four hundred and thirty new awards are expected to be made in 1974 in addition to 250 FY 73 awards. Exploratory studies conducted by NIE during FY 74 will consist of research directed toward a number of current educational issues, such as Education Goals, Reading, Educational Personnel and Use of Resources. The third program under Basic Studies, the NIE Scholars Program, will bring educational scholars to Washington to conduct research here at the Institute on fundamental educational problems.

Research and Development and Utilization Systems

The Budget request for this group of programs is $13,600,000, divided among three areas: Strengthening the R&D System; Linking Research to Practice; and Dissemination of R&D Findings. A total of 54 staff will be needed, 36 professional and 18 clerical support. The budget authority/professional ratio for this program area is approximately $380,000. Strengthening the R&D System is a series of efforts concerned with the nature and possible improvement of current education R&D capabilities. The second category under this heading, Linking Research to Practice, deals with the complex set of dissemination/utilization functions. Non-governmental personnel are being established to make recommendations for action in these areas. The third area is that of Dissemination of R&D Findings, which is the distribution of new educational information to practitioners, academicians, and other researchers. The primary responsibility of this program will be evaluation and improvement of the Educational Resources Information Center (ERIC) program.

In all of these programs, staff will be required to gather information, analyze conceptual arguments and research studies, monitor ongoing projects, plan new activities, coordinate resources, and direct outcomes to the appropriate audiences.

Programmatic R&D

A total of 149 permanent staff positions, 100 professional and 49 clerical, are anticipated for the operation of this program. Programmatic R&D is related to the development of specific solutions to major educational problems or the improvement of educational practice. Funds under these categories total $104,800,000; the budget authority/professional ratio is approximately $1,000,000. Program areas include: the Relationship between Learning and Work; School Initiated Experiments; Curriculum Development; Personnel, Organization and Management; Post-Secondary Education; Early Learning; and Minority Concerns.

Because programmatic R&D efforts are larger in scope and more cohesive than the varied activities in the Basic Studies and Research and Development and Utilization Systems areas, one professional is capable of supervising a great deal more programmatic funds. This explains the higher budget authority/professional ratio.

Program Direction and Administration

Coordinating all of the various NIE program activities are the Director's office and the Management and Administration staffs. These units have responsibility for maintaining the general quality and efficiency of the Institute. Under their jurisdictions are such concerns as planning and evaluation, external relations, budget, facilities maintenance, and internal operations. Sixty-eight professional positions with 45 clerical support staff will be required for this central administration and management function, divided into three groups as follows:

	Professional	Clerical	Total
Director's Office	19	13	32
Management	14	10	24
Administration	35	22	57
Total	68	45	113

The 1974 budget ($11,444,000) for Program Direction and Administration represents an increase of $1,911,000 over the 1973 level. This increase reflects the annualization of the 176 new positions authorized and funded for half of 1973.

VI. Program Purpose and Accomplishments

1972 Actual	1973 Estimate	1974 Authorization	1974 Estimate
--	$145,324,000	1/	$162,197,000

Purpose: To strengthen and improve educational practice by conducting research and development activities at all levels of education and in formal and informal learning situations.

Explanation: Educational research and development will be conducted primarily through grants and contracts. A limited amount of intramural research will also be conducted.

Accomplishments in 1972-73: On August 1, 1972, approximately 100 Office of Education staff members and the responsibility for sustaining approximately $100 million in programs formerly operated in OE were transferred to the NIE and became the nucleus of the new agency. The Institute's activities during 1973 will focus on:

1. A review and assessment of programs transferred from the Office of Education. These include: Regional Laboratories and R&D Centers, Experimental Schools, Career Education model development, and Dissemination.

2. A development of new initiatives and directions which the Institute will undertake.

3. Staffing and organizing so as to be responsive to the Institute's mission.

Objectives for 1974: During 1974 the Institute's objectives will be centered under four broad headings:

1. Basic studies which will focus on developing new knowledge, defining educational problems and analyzing alternatives for policymakers. The budget for this category, $32,400,000 will provide $6,500,000 for non-competing continuations, $15,400,000 for competing continuations and $10,500,000 for new awards or expansion of current programs.

2. Research and Development and Utilization systems which will address the dual problems of building an effective educational research and development system and advancing the practice of education as an art, science and profession. The budget for this category of $13,600,000 will provide $1,000,000 for non-competing continuations, $8,000,000 for competing continuations and $4,600,000 for new awards or expansions of current programs.

3. Programmatic R&D which is characterized as mostly "development" or "demonstration" programs, usually fairly large in scope and design, and intended to develop specific solutions to problems in American education or improve educational practice. The budget for this category of $104,800,000 will provide $90,800,000 for non-competing continuations, $4,100,000 for competing continuations and $9,900,000 for new awards or expansion of current programs.

4. Program direction and administration which will fund those activities performed by Institute personnel necessary to accomplish the mission as authorized in the legislation. The budget for this category of $11,400,000 will support a permanent staff of 462, the National Council on Educational Research and panels of consultants to evaluate funding proposals.

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[1] $550,000,000 authorized for a three-year period beginning with Fiscal Year 1973.

MARCH 12, 1973.

OFFICE OF EDUCATION

TESTIMONY OF THE COMMISSIONER

WITNESSES

DR. JOHN R. OTTINA, COMMISSIONER-DESIGNATE OF EDUCATION
DUANE MATTHEIS, DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS
DR. WILLIAM L. SMITH, ACTING DEPUTY COMMISSIONER FOR DEVELOPMENT
PETER P. MUIRHEAD, ACTING DEPUTY COMMISSIONER FOR HIGHER EDUCATION
DR. WILLIAM F. PIERCE, DEPUTY COMMISSIONER FOR OCCUPATIONAL, VOCATIONAL, AND ADULT EDUCATION
MISS PATRICIA CAHN, ACTING DEPUTY COMMISSIONER FOR EXTERNAL RELATIONS
DR. JOHN W. EVANS, ACTING DEPUTY COMMISSIONER FOR PLANNING, EVALUATION, AND MANAGEMENT
JOE G. KEEN, BUDGET OFFICER
BRIAN M. STACEY, BUDGET ANALYST
CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

Mr. FLOOD. The committee will be in order.

We are still with the Department of Health, Education, and Welfare and today we begin with the Office of Education. The presentation today will be made by Dr. John Ottina, the Commissioner-Designate of Education. We extend to you our compliments. I see you are now more or less legitimate. You have been designated and now you are awaiting confirmation.

Dr. OTTINA. That is correct.

Mr. FLOOD. Doctor, you have a prepared statement. How do you wish to proceed?

Dr. OTTINA. I would like to read the statement, if I may.

Mr. FLOOD. Of course, your biographical sketch will be included in the record.

[The sketch follows:]

Name: John R. Ottina.
Position: U.S. Commissioner-Designate of Education.
Birthplace and date: Los Angeles, Calif., November 5, 1931.

Education—
University of California at Los Angeles, 1953, Bachelor of Arts.
University of California at Los Angeles, 1955, Master of Arts.
University of Southern California, 1964, Doctor of Philosophy.

Experience—
Present: U.S. Commissioner-Designate of Education.
1971–72: Deputy Commissioner for Planning, Evaluation and Management, OE.
1970–71: Deputy Commissioner for Development, OE.
1969–70: Executive Vice President, Computer Systems, King Resources Co., and Chairman of the Board and President, Worldwide Information Systems, Los Angeles.
1958–69: Vice President, System Development Corp., Santa Monica.
1956–58: Mathematical Analyst, Lockheed Aircraft, Corp., Los Angeles.
1954–56: Teacher, Secondary School, Los Angeles.

Association memberships: California Teachers Association; Association for Computing Machinery; American Management Association.

Publications: Papers published in the following: Information System Science and Technology; System Engineering Conference; Symposia on Computer Program for Command and Control Systems (Shape Technical Center); California Journal of Educational Research.

INTRODUCTION OF SUPPORTING WITNESSES

Dr. OTTINA. Since this is our first appearance before your subcommittee, would you permit me to introduce the new members of the Office of Education who are joining us for the first time today?

Mr. FLOOD. Of course.

Dr. OTTINA. In order of their seating, you remember Mr. Muirhead; Mr. Mattheis is our Deputy Commissioner for School Systems; Dr. Pierce, who is the Deputy Commissioner for the newly established Deputyship authorized under the law that was passed last June for Occupational, Vocational, and Adult Education; Mr. Smith, who is the Acting Deputy Commissioner for Development; and Mr. Evans, who is the Acting Deputy Commissioner for Planning, Evaluation, and Management.

GENERAL STATEMENT BY DR. OTTINA

Dr. OTTINA. Mr. Chairman and members of the committee:

It is always a pleasure to appear before you to review the Office of Education's plans for the coming fiscal year and to discuss the resources we will need to carry out our responsibilities.

The three overriding considerations that have guided the formulation of our 1974 budget request have been: (1) through a special education revenue-sharing proposal, to provide State and local agencies greater discretion in allocating and targeting Federal education dollars; (2) emphasis on opportunities for higher education by providing needed funds directly to students; and (3) the reduction or elimination of programs that have accomplished their intended purpose or are of marginal value. Our total request for 1974, $5.1 billion, represents a net decrease of $258 million from our 1973 request.

ELEMENTARY AND SECONDARY EDUCATION

The 1974 budget continues to place a high priority on the restructuring of the Federal Government's relationship with State and local governments in the area of elementary and secondary education. Our total request for these programs includes the special educational revenue-sharing proposal; a continuing level of support for the emergency school assistance, bilingual education, and special handicapped programs; an increase for our career education effort; and decreases for Follow Through and school assistance in federally affected areas. I would like to outline for you briefly our request for each of these areas.

The budget request for 1974 includes $2.8 billion—including the school lunch program—for the special education revenue-sharing proposal. This proposal would group Federal elementary and secondary education assistance into broad categories with adequate safeguards to insure that minimum national priorities are preserved, such as education for the disadvantaged, handicapped, and vocational education. The purpose of the proposal is to consolidate and simplify Federal aid programs in elementary and secondary education to give State and local school officials greater flexibility and responsibility for managing and targeting program funds. Thus, there is expected to be a simultaneous strengthening of Federal and State program management as well as a greater chance of achieving the Federal purposes that really count.

The 1974 budget request of $271 million will provide for the second year of funding for the recently enacted Emergency School Aid Act.

This program will continue to provide needed assistance to local educational agencies in desegregating their school systems while maintaining educational quality. Under the present operating plan, most of the funds appropriated in 1973 will be obligated for programs which will be operational in the 1973–74 school year. The funds requested for 1974 will likewise be used to fund projects a year in advance—in this case for the 1974–75 school year.

HIGHER EDUCATION

The bilingual education program will be continued at $35 million to support aproximately 200 projects serving nearly 143,000 students. In addition to the support under this specific program, $9.9 million will also be available for bilingual education projects under the emergency school assistance program.

The 1974 budget of $93.6 million reflects a continuing commitment to the education of handicapped children. The Federal role in this area is to provide support for model programs, demonstrations, resource centers, and the training of educational personnel.

Reflecting one of our highest priorities in 1974 is a request of $14 million, which we will use to demonstrate the effectiveness of career education. In this effort the Office of Education will work closely with the National Institute of Education, which is developing several career education models. The request for continuing support for vocational research and innovation programs, curriculum development, and adult education special projects, totaling $31 million will also augment various aspects of the career education effort.

Authorized by the Economic Opportunity Act, the Follow Through program will be gradually phased out beginning in fiscal year 1974. This experimental program was designed to test various models of early compensatory education. Approximately 20 models were developed and are in the process of being evaluated. Our budget request of $41 million will permit us to evaluate models on the basis of 4 groups of children who are presently enrolled in the program. Beginning in 1974, classes that complete the Follow Through program will not be replaced by new classes, leading to a phaseout of the program by June of 1977. It should be emphasized, though, that no child now in a Follow Through project will be dropped out because of this policy.

The budget proposes a reduction of $146 million in payments to local educational agencies for the education of the children of parents who work for the Federal Government but do not live on Federal property—the so-called B students. The total of educating children is provided generally by a combination of State and local revenues. States guarantee an education and provide payments for all children within their boundaries. It follows, then, that the purpose of an impact payment for a child's education is to compensate for a loss of local revenue. In the case of B children, we feel there is no need for compensation because there is little, if any, loss. In many cases, these same parents and children would be in the community even if they were not employed on Federal property. Also, the theory of payments for B students fails to recognize that the incomes of their parents may stimulate increases in economic activity and taxable wealth that, combined with the taxes paid on the residence, will offset the education cost.

While the amount associated with "A" category children will be included in the special education revenue sharing legislative proposal support for children of families who both work and live on Federal property will be continued. In the instance where Federal agencies provide for the education of these children, funds will be requested in the regular appropriation for this program. Support of construction of schools under this program will be increased slightly and priority will be given to projects on Indian reservations and the critical construction needs of local educational agencies. We are recommending $19 million for an increase of some $3 million over fiscal year 1973.

Continuing the major reforms in student aid authorized by the Education Amendments of 1972, the 1974 budget for these activities represents a substantial increase over prior years. The 1974 budget request of $959 million for basic educational opportunity grants is an increase of $337 million over the fiscal year 1973 level of $622 million requested. This request will support student awards in academic year 1974–75, and is estimated to be sufficient to meet the full amount of awards authorized under the law for the basic educational opportunity grant program. Because the basic educational opportunity grant program provides that no award may exceed one-half of a student's cost of education, the budget includes $250 million in 1974 to continue the college work-study programs, and $310 million in 1974 for interest subsidies on federally insured loans. This support for work-study employment and subsidized loans along with State and institutional scholarship and loan programs is intended to meet the student financial aid gap. Our request includes $10.8 million to continue the cooperative education program at last year's level. With the increased availability of loans made possible by the expansion of the guaranteed student loan program coupled with the creation of a student loan marketing association, there will be less need for the traditional national defense student loans. The 1974 budget, therefore, eliminates the request for appropriation of additional Federal capital contributions under this authority to institutional loan funds. However, it is estimated that there will still be $180 million available in 1974 in institutional loan funds from carryover and repayments on prior national defense student loans and will support over 300,000 additional national defense student loans in 1974.

SPECIAL PROGRAMS FOR THE DISADVANTAGED

The special programs for the disadvantaged—Talent Search, Special Services, and Upward Bound—will be continued at the 1973 level of $70.3 million, a significant increase over 1972. Approximately 278,000 students are expected to benefit from these programs in academic year 1974–75.

In the area of institutional assistance, the 1973 and 1974 budgets contain a substantial increase over 1972 for the support of selected developing institutions, predominantly black colleges and other institutions serving large numbers of minorities. This increase will be concentrated on those institutions which have the greatest potential for serving the career and other training needs of minority students and for becoming self-sustaining.

The 1974 budget contains $31.4 million for Federal interest subsidies on private facility loans to institutions of higher education. This estimate represents the amount necessary in 1974 to pay for past Federal subsidy commitments. No new loans will be subsidized under the budget for 1974. New Federal subsidies for construction can be discontinued because in recent years the Federal Government has supported through direct grants, loans, and Federal subsidies a substantial amount of higher education facility construction. It is expected that colleges and universities can now meet their construction requirements without further Federal assistance.

Support for university community services, whose impact has been negligible, and language training and area studies authorized under title VI of the National Defense Education Act, would be eliminated in the 1974 budget.

The budget proposes to continue the phaseout of Federal support for the training and development of college teaching personnel under title IV of the National Defense Education Act of 1958. This program has been very successful in expanding the number of Ph. D's to the extent that today there is a general surplus of these college-level personnel. The 1974 budget, however, does provide for support of returning veterans whose fellowships have been interrupted by military service.

The budget also includes $750,000 for attracting minority students into the law profession under the auspices of the Council on Legal Educational Opportunity and $500,000 for the recently authorized Allen J. Ellender fellowships.

The 1974 budget request proposes termination of Federal support for library resources. These library-related programs have been narrow and categorical, and Federal support should now shift from this type of aid to broader educational objectives that allow State and local officials more flexibility in establishing priorities. It will be possible for State and local officials to continue support for the most promising school library programs with Federal assistance from other sources such as special revenue sharing and other Office of Education programs whose activities could include support for libraries.

The 1974 budget includes $120 million for educational development activities, a reduction of $53 million from 1973. The overall reduction for these programs results from the termination of a number of special programs that have accomplished their basic purpose and the condition of general teacher supply.

The 1974 budget would continue support for selected training activities that have a high impact on the education of disadvantaged children and career opportunities for disadvantaged educational personnel. These activities include the Teacher Corps; the urban/rural programs, which address the needs of entire school systems in urban and rural areas to improve the educational opportunities of disadvantaged; the career opportunity programs, which enable disadvantaged persons to enter the elementary and secondary school system; and higher education fellowships to train administrators in 2-year community colleges and student financial aid officers.

A continuing level of support is requested for the national right-to-read program, which has as its objective to substantially reduce illiteracy in the United States by 1980. A reduction from $13 million to $10 million is requested for the educational broadcasting facilities program, as support in this area continues to reduce the number of areas in the United States unserved by educational television and educational radio. The remarkable success of the Sesame Street and Electric Co.

programs toward financial independence as a result of increasing revenues from royalties on programs and related books and materials makes it possible to decrease the Federal contribution from $6 million in 1973 to $3 million in 1974.

Both the drug abuse education and dropout prevention programs are being reduced from $12.4 million to $3 million and from $8.5 million to $4 million, respectively. Although the problems addressed by these programs are still very much present, it is believed that the Federal support provided to date has focused sufficient attention on these problems and has provided models for dealing with them so that the Federal effort can now be diminished and increased reliance placed upon State and local agencies for continued work in these areas. For similar reasons, the 1974 budget is terminating Federal support for environmental education projects and nutrition and health projects. Again, these efforts were funded primarily to draw national attention to the importance of environmental education and to the relationship of nutrition and health to the educational success of low-income children. In these areas it is now felt that the Federal mission has been accomplished by establishing successful demonstration projects.

In 1974, the $7.9 million request for support of educational statistics will provide an increase of $3.7 million to allow for additional special analyses and an increase in the timeliness of statistical data. Included in this increase is $500,000 for further planning for the common core of data for the seventies program. It is hoped that this effort will lead to an integrated system of educational statistics which will meet Federal, State, local and institutional needs for planning and management.

The national achievement study will be supported by $7 million in 1974, a $1-million increase. In 1974, results of the second science assessment and the first mathematics assessment will be reported.

For salaries and expenses of the Office of Education, the 1974 budget includes $88.1 million, a reduction of $2.2 million from fiscal year 1973. This reduction reflects the nonrecurrence of a one-time 1973 appropriation of $3 million for planning for the Education Amendments of 1972. This is offset by a slight increase in 1974 personnel costs, which reflect additional man-year requirements. Authorized staffing, however, will gradually be reduced from a total of 3,047 positions in 1973 to 2,619 positions by June 30, 1974.

We feel that the budget we are proposing for the Office of Education sustains the highest priority education programs while accomplishing a much-needed restructuring of the relationship between the Federal Government and State and local agencies.

My colleagues and I will be happy to answer your questions.

Mr. Flood. Last week we had Dr. Marland here in his capacity as the Assistant Secretary for Education. In view of the extensive examination that we went through with Dr. Marland, I don't see at this point where there is any need to cover all of the same ground again today. It would just be repetitious.

CONGRESSIONAL ACTION ON PREVIOUS EDUCATION BUDGETS

Dr. Ottina, you are new in your present position, but you have been around here long enough to know the history of the congressional action on the education budget for the last 3 fiscal years.

You are aware of the programs where Congress has disagreed with budget priorities—title I, vocational education, impact aid and libraries, and so on, and so on.

You are presenting to us a budget that ignores all that history and in effect proposes to wipe out these programs. So far we received nothing but protests against your budget proposals. And I mean protests. That is an understatement.

SUPPORT FOR EDUCATION BUDGET

Have you received any indication at all of support for this budget from either the educators or the general public or anybody except from the Office of Management and Budget?

Dr. OTTINA. We are presenting a budget, Mr. Chairman, which has to be taken in the context of several elements. First of all, the President has proposed a total spending level of $268 billion for fiscal year 1974. Within that amount, the Office of Education has a spending limit which derives from that number. The suggestions that we are making for your committee's consideration is how to best, within that allotment, fund those programs which will provide the most educational benefit to the children of our Nation.

Clearly, we would all like it to be possible to have more money for education because all of us believe in education and believe that it should be supported to its fullest.

On the other hand, the overriding priority that we are all consumed with is keeping within the spending level. In that context we have tried to put together the best set of alternatives that we could come up with.

Mr. FLOOD. I know that, but that isn't what I asked you. I have danced around that Maypole for about 90 days now, and so have you. I want to know, all these things being so and in view of the fact that we have been deluged with objections and protests and complaints—have you received any support, anywhere in the whole spectrum of the field of educators, for your program?

Dr. OTTINA. Support, Mr. Chairman, in terms that the ideas and the concepts are being met.

Mr. FLOOD. I know that.

Dr. OTTINA. But in terms of the amounts of money that are being sought for appropriations, any group, I am sure, would like to see that their programs receive large appropriations.

Mr. FLOOD. What about the wipeout of the programs? What about the budget level of your proposals? Have you received any support?

Dr. OTTINA. Yes, we have received support from several groups.

Mr. FLOOD. Loud and cheering support from the field of education? Have they been manning the barricades with you in behalf of this thing?

SUPPORT FOR REVENUE SHARING CONCEPT

Dr. OTTINA. That might be a slight exaggeration. There is enthusiasm for it but, nevertheless, there are many groups who, in the area of educational revenue sharing, feel that the concept that is being proposed is indeed a concept that would benefit administration of their educational programs. I think you will find that many of the chief State school officers would render testimony that it would enable them to do a better job of using those funds that the State has if they did not have to be along the narrow categorical lines that are presently being appropriated.

SUPPORT FOR IMPACT AID PROPOSAL

Mr. **FLOOD**. Could you tell us about the first 23 statements you had in support of eliminating impact aid, or 22?

Dr. **OTTINA**. In terms of eliminating impact aid?

Mr. **FLOOD**. Yes. Twenty-one or 10 or something?

Dr. **OTTINA**. Unfortunately, Mr. Chairman, as you are so well aware, whenever one proposes to eliminate any program, particularly——

Mr. **FLOOD**. I know all that, but have you?

Dr. **OTTINA**. No, sir; we have not. But from a national point of view I think you will share with me the belief that there are inequities in the present program.

Mr. **FLOOD**. That is something else. Have you received support from any sources, good, bad or indifferent, in the whole spectrum of the field of education for the elimination of impact aid? Who is for it?

Dr. **OTTINA**. Mr. Mattheis, could you think of anyone?

Mr. **FLOOD**. Think hard.

Mr. **MILLER**. You also extended your question, Mr. Chairman, to the general public. There is a fair amount of support there, plus the fact, as you know, in the media there is lots of support for these cuts in impact aid. In fact, the press is rather overwhelmingly in support of it.

When you get into the field of educators themselves, you have another question. But we get lots of general public support.

Mr. **FLOOD**. You hasten to embrace not my friend Miller, but his statement?

Dr. **OTTINA**. Certainly.

Mr. **MATTHEIS**. In particular, Mr. Chairman, you have the Battelle study of a number of years ago which made a thorough study on the impact aid program. This is one of their recommendations. It isn't that we are alone in this. Certainly we ought to be in the record that we are not promoting the dissolution of the entire program. The "A" students would be maintained and the students who are in those schools that are run by the military would continue to be supported at full cost. So there are portions of it that would be retained.

REDUCTIONS IN LIBRARY PROGRAMS

Mr. **FLOOD**. The same question with reference to libraries, that is, what you propose to do in connection with libraries, not for libraries but in connection with the existing library program.

Dr. **OTTINA**. The question, Mr. Chairman, is are there groups that are advocating from the library constituents?

Mr. **FLOOD**. Yes. Did you have this widespread support from the news media, from the general public, from whom? Begin with the elevator operators. Where does the support come from?

Dr. **OTTINA**. The support can only come, Mr. Chairman, as you look at the tradeoffs.

Mr. **FLOOD**. There isn't any, is there?

Dr. **OTTINA**. Support?

Mr. Flood. You have none, do you?

Dr. Ottina. If the——

Mr. Flood. Do you? No. Do you?

Dr. Ottina. I think the answer is yes.

Mr. Flood. How? From whom?

Dr. Ottina. I think we do have support.

Mr. Flood. From whom?

Dr. Ottina. From people at large who are faced with two problems: One, the rising cost of living and, two, the need for a spending level. From that derives the two elements that I talked about. In order to meet those, we are making some tradeoffs.

If the general public or certain people were confronted with the problem of saving, would you rather have this or that, I think that you will muster the support that you are asking for. If they were asked would you like both, of course, they would say they would like both.

Mr. Flood. I know. But in none of those fields. Quite contrary to what you said, this committee experienced a great deal of realinement in all sorts of things, in health, education, welfare and labor. Frequently we have had the beneficiaries of these programs support different realinements, and so on, and we have been through this for years and years.

So far, at this time, nothing, nothing. What you are saying does not come from the field of educators or from the field of those directly affected. It comes from the news media or the general public. This has not always been so. We have had some very revolutionary proposals down through the years. Every now and then the educational budget proposes an increase for a new program.

EDUCATION INITIATIVES

I believe the magic word is, you referred to them as, "initiatives." One year in your initiatives there was the experimental school. Oh boy, man! That will do it! Then there was the right to read. That was going to do it; yes, sir! Last year we heard a great deal about it, and we heard a great deal from you about career education, educational renewal, boy! All these magic phrases! Are there any initiatives in this budget? There are plenty of initiatives taking funds away. I mean are there any positive initiatives? There are lots of negative initiatives. What about positive initiatives?

Dr. Ottina. Yes. One of our strongest positive initiatives is really contained in two programs. One is in the elementary and secondary area and one in higher education. In one program in higher education we are seeking a very, very large appropriation for the basic education opportunities grant program, an increase of better than $300 million over the present level. That, as your committee will recognize, is a very, very significant increase in funds. It is the amount that is necessary to achieve the full funding status.

The second initiative, though it isn't in terms of dollars, is the consolidation and regrouping that we were talking about in educational revenue sharing. So in both higher education and elementary and secondary education we are striving for some initiatives.

Mr. Flood. The initiative vis-a-vis the special revenue sharing is entirely a fiscal and budgetary operation. It has nothing to do with the program itself.

Dr. OTTINA. True.

Mr. FLOOD. That is not responsive then, is it?

Dr. OTTINA. Not in terms of dollars.

Mr. FLOOD. Then answer my question.

Dr. OTTINA. If you are speaking of dollars, we have a list of——

Mr. FLOOD. I am not speaking of dollars. I am speaking of the programs, the initiatives.

Dr. OTTINA. If you are speaking of program initiatives used in terms of increased funding emphasis, we have nine programs we are seeking additional funds for over the previous year.

Mr. FLOOD. But you are not coming to us with initiatives. You are not coming to us with new initiatives.

Dr. OTTINA. New in the sense of changing direction of old programs, no. It seems to me what we are really saying is that we have before us, with the exception of the consolidation of educational revenue sharing that we talked about earlier, the basic authority and what we want to do now is do the best job that is possible with those authorities and these funds. We are really concentrating on trying to make better sense out of these programs.

Mr. FLOOD. Whatever initiative you are bringing to us, it's almost entirely in the realinement of priorities, both in things, and projects and money. That is what it is. Your initiative is realinement of priorities. That is your magic phrase, isn't it? Papa knows best.

Dr. OTTINA. No, not at all.

Mr. FLOOD. Well, Papa thinks he knows best perhaps.

Dr. OTTINA. Papa is attempting to allow in all of these, or most of these, reform decisions to be better made elsewhere, not at the Federal level.

There is a slight amount of money for a program that we have talked about from time to time as a new initiative, in your words, and that is in the statistical area, the Common Core Data for the 1970's. This is, in terms of financial dollars, only $500,000. But in terms of potential new initiative, it's perhaps a very large one in the next 5 years.

Again, Mr. Chairman, we are talking about programs that are in the Office of Education. There are, as you know, in NIE and the fund for postsecondary education some new initiatives as well as in the field of education.

RESPONSIBILITY FOR EDUCATION RESEARCH

Mr. FLOOD. Education research has been a major function in the Office of Education. Certainly for about 10 years it has done a great deal to attract highly trained professionals to the organization. This recent creation of the National Institute of Education, we spent nearly all Friday morning on, has removed the research responsibility from the Office of Education.

What effect would this have on the role of that Office? Do you think that the Office of Education will be converted into just simply a checkwriting operation?

Dr. OTTINA. Before I answer that question, let me point out that in two areas we still have research authority and research responsibility.

Mr. FLOOD. By "we," you mean the Office of Education?

Dr. OTTINA. Yes, sir; I do. The Office of Education does. In the area of research for the handicapped children and in the area of research in vocational, adult, and technical education we have authority and have asked in both of these programs for increased funds for fiscal year 1974 to carry out perhaps not strictly research but research allied activities in both areas.

To answer your question specifically, with the creation of NIE, we did not only lose our authority but the programs that we were monitoring were moved to NIE. We also lost the people that were associated with those programs, as you are aware.

To answer your question in the specific, no, I don't think that we will be only a checkwriting function. I think there are many responsibilities that the Federal Government must continue in terms of——

Mr. FLOOD. The Federal Government? I am talking about the Office of Education vis-a-vis NIE.

Dr. OTTINA. Through the Office of Education, through what Secretary Marland testified to you last week as technical assistance in helping States and local educational agencies to know how to use, and to aid them in using, many of the techniques that have been developed by NIE and many of the demonstration programs that we have been carrying. We do have several demonstration programs, such as Follow Through, Drop-Out Prevention, and Drug Abuse, that will still be continued at a very high funding level in 1974.

REORGANIZATION PLANS

Mr. FLOOD. Every new Commissioner who comes up here—and we have seen them come and go like Greyhound buses—seems compelled to reorganize the Office of Education. They have to reorganize. I imagine about every conceivable type or kind of reorganization that you could dust off we have seen presented here.

As you are soon to be confirmed as the Commissioner of Education, do you happen to have a verse and chorus in your pocket? Do you happen to have a reorganization in your pocket? Are you going to maintain the status quo? Or do you want to dust off one here?

Dr. OTTINA. Mr. Chairman, I am afraid that, unlike my predecessors, I am no different. The last year has seen taking place many changes which just need to be accounted for. First of all, Congress stipulated certain organizational elements that were not in effect before: One, the creation of the Deputyship for Occupational and Adult Education; secondly, the organization called Teacher Corps could no longer report to the Deputy for development but had to report to the Commissioner's Office. Those two changes were required by the Educational Amendments of 1972.

In addition to that, in the formation of the NIE itself, several bureaus or bureau level offices, three to be exact, were no longer part of OE but became part of the newly created NIE. So the structure which they were part of is no longer required as it was required when they were part of a larger substance.

Mr. FLOOD. Do you just happen to have here a plan all laid out? Can you dust off a plan for us here?

Dr. OTTINA. No, sir; I do not have a plan for you. But I do not wish to deny that some changes will need to be made.

Mr. FLOOD. I know that, but I meant a plan.

Dr. OTTINA. No, I am afraid I don't have one with me.

EDUCATION REVENUE SHARING

Mr. **Flood.** The budget is proposing special revenue sharing for elementary and secondary education. Of course, as you realize, this committee cannot consider that because we have no legislation.

Dr. **Ottina.** Yes.

Mr. **Flood.** Nevertheless, you keep talking about it. Frankly, we are a little bit confused by the proposed funding level which the budget shows at $2,527,366,000. If we add up the 30 programs that will be replaced by this special revenue sharing, we get the following comparative total: 1972 appropriation, $3,417,700,000; 1973 estimate in the budget, $2,796,600,000. I think you will agree with these figures. Isn't it a fact that the local school districts therefore will receive less under this special educational revenue sharing than they received in 1972 and 1973 under the separate programs? At least by our calculation it looks like a reduction of $500 million from the fiscal year 1972. This is the Appropriations Committee, and most of us can add and subtract.

Dr. **Ottina.** Yes, sir. I would believe that your figures are correct. The difference is accounted for primarily in three areas where we are proposing a——

Mr. **Flood.** But the answer is "Yes?"

Dr. **Ottina.** Yes.

Mr. **Flood.** Then you go on from there.

Dr. **Ottina.** The areas that are not being requested for funding are the impact aid B's, which amounts to about $240-some million; the title II of ESEA, which is the library program of about $90 million; and title V, which is the strengthening of State departments of education, which is about $33 million. These three areas account for the bulk of the reduction that you observed in your two figures. We are proposing not to fund these types of activities.

Mr. **Flood.** But the fact remains that after all this is said and done, as far as the local school districts are concerned, they are going to get $500 million less under special revenue sharing than under the 1972 and 1973 separate programs. That is it. I just restated the question. And the answer is that that is right?

Dr. **Ottina.** That is correct.

Mr. **Miller.** But that shouldn't be any kind of condemnation of revenue sharing, because it has nothing to do with revenue sharing. The same would be true even if we were not proposing revenue sharing.

Mr. **Flood.** Special revenue sharing.

Mr. **Miller.** You would have the same situation because on the merits or demerits we are proposing the phasing-out of those individual programs. As Dr. Marland says, revenue sharing is primarily a delivery system and a grants consolidation system.

Mr. **Flood.** We must distinguish between general revenue sharing and special revenue sharing.

Dr. **Ottina.** There are some other slight differences in the two numbers that you talked about in your testimony which are not accounted for by these three programs.

The main differences are those three programs and the decisions that we made in our trade-offs about whether these programs had priorities greater than or equal to the others. We said no other programs in our present funding constraints require the dollars and have higher priority, not that these are worthless, not that these are not good programs, but others have higher priorities.

SPENDING LEVEL FOR 1973

Mr. MICHEL. Dr. Ottina, referring to your overall figures, you say that your 1974 request totals $5.1 billion, representing a net decrease of $258 million from this 1973 request. What is the relationship to your actual spending level for 1973?

Dr. OTTINA. I am afraid, Mr. Michel, at this particular moment that would be a very difficult table to calculate. We are still attempting to interpret the continuing resolution in two or three very significant large areas. As soon as that occurs, we will be pleased to provide you our spending plan for the remainder of the year. I can tell you what it has been up to date, but I think you were asking what it will be.

Mr. MICHEL. How long will it take you to have the continuing resolution interpreted for you?

Dr. OTTINA. Mr. Miller, can you help us there?

Mr. MILLER. Let me go back to the previous question. I think your question should be answered in the context of the revised President's budget versus the fiscal year 1974 budget. In outlays for the Office of Education, it would be $4.8 billion in 1973 and $3.2 billion in 1974 budget excluding revenue sharing.

I believe that was your question, was it not? This is comparing the revised President's budget with the fiscal year 1974 request in terms of what you call spending, which is outlays.

Dr. OTTINA. If we can just for a moment take a very large item that accounts for a large difference, the President's budget, as you recall, treated emergency school assistance at $500 mililon. The appropriation was $271 million, and we are asking for $271 million for fiscal 1974. So a difference there already of about $230 million could be found on that single program.

You will find ups and downs in some of the others as you go through it line by line.

Mr. MILLER. Also my figures for 1974 did not contain revenue sharing, which would bring the figure up to $4.9 billion.

I believe your other question is how soon will we be able to tell you what our spending level will be under the continuing resolution. It's a hard question to answer. I would hope within a week. We ourselves have been working on the various questions that need to be answered in terms of submitting a plan to the Office of Management and Budget. Frankly, it's going to take a little longer than I had hoped.

Mr. MICHEL. Have you had any kind of indication that the interpretation would be any different in departments, or that there would be a universal interpretation that would prevail throughout?

Mr. MILLER. Essentially you only have three major organizational components—Labor, HEW, and Foreign Operations. I think the interpretation will likely be the same. I think that there are specific problems within each department that are different, such as the language problems under impacted area aid, title I, and this kind of thing for us. I don't believe Labor has similar issues.

Mr. MICHEL. Since we are shortly going to be in the last quarter of the fiscal year, that certainly has some bearings, does it not, upon how much of these moneys can actually be spent wisely before the end of the fiscal year?

Mr. MILLER. It does.

TYDINGS AMENDMENT

Dr. OTTINA. As you are aware, Mr. Michel, once the funds under the Office of Education are committed to the State agency, which many of the funds that we are talking about would flow through, they have an additional year to expend them and to obligate them under the amendment that we refer to as the Tydings amendment.

Mr. MICHEL. Are you telling me you have less of a problem in education than the others?

Dr. OTTINA. We have a very severe problem from the Federal to the State, in that our funds must be obligated by the 30th of June to the State or the recipient, whoever it may be. But once that has occurred, the State isn't required by the 30th of June to have it obligated to its local education program.

SCHOOL MILK PROGRAM

Mr. MICHEL. Last year under special revenue-sharing you included the school lunch program, and I asked the question the other day as to why the school milk program was not included with the school lunch program, and at that time I do not recall that I got an answer.

Is there not somebody in the Office of Education who can tell me why one was included and the other was excluded or not included?

Dr. OTTINA. No, sir; I cannot answer that.

Mr. MILLER. I guess twice is enough warning.

Mr. MICHEL. Should one program be considered any differently than the other?

Mr. MILLER. We would like an opportunity to provide the answer.

Mr. MICHEL. I mentioned that day, and would reiterate here, that it just so happens that you have Mr. Smith, Mr. Natcher, Mr. Casey, Mr. Robinson and I, all serving on the other subcommittee that happens to fund those activities through the Department of Agriculture. We have it over in that subcommittee and in that Department for several reasons.

One of the most important is that you get enough support from the city for an agricultural appropriation bill to pass it when you have things like school milk, school lunch, food stamps, and all the things that the city people are just as interested in, if not more so, than those out in the rural areas.

I would like you to answer for the record what the rationale may or may not have been. Be sure that question gets answered in the record.

Dr. OTTINA. We will, indeed.

[The information follows:]

PHASEOUT OF SCHOOL MILK PROGRAM

That portion of the school milk program for which there is also authority in the school lunch program is being phased out in the fiscal year 1974 budget. The remaining funds—approximately $25 million—are associated with schools which do not have a federally supported school lunch program. These funds must be maintained separately from special education revenue sharing since they must be targeted toward a specific set of schools, which could not be done under revenue sharing.

OVERLAP OF ESEA, TITLE I AND EMERGENCY SCHOOL ASSISTANCE

Mr. MICHEL. Somewhere I got the impression in testimony either on the supplemental or in some other deliberations here so far this year, that money for emergency school assistance really is not too far removed or different from that money which currently is going into title I.

I do not know if it was Dr. Marland who indicated so in answer to a question of mine, but I got the general impression that—maybe it was because I said it appeared as though there was a reduction in the request for title I, and the response was something like: Of course, under emergency school assistance you are getting just about the same thing, so there really isn't any net reduction.

Is that right or wrong?

Dr. OTTINA. It is a little of both. In terms of the recipients, there is a great deal of overlap in terms of where the money is going. In that sense, it is correct.

In the sense of what it is trying to do, it is not in all respects generally correct. It does have some specific provisions which makes it quite different.

Mr. MICHEL. Of course, title I supposedly is targeted for the educationally deprived, and emergency school assistance for eliminating minority isolation. Tell me how the two target areas relate.

Mr. MATTHEIS. The title I program is distributed by formula to the State and local school districts on the basis of economic deprivation. From there it is targeted to the educationally disadvantaged. It is a targeted group.

The ESAA, the Emergency School Aid Act however, is targeted only insofar as it is to a district that is going through a reduction in racial isolation. Once it gets to the district, however, they can spend money for programs that would involve in fact all of the children in that school district, and certainly all of the children in that area where they were reducing racial isolation, whether they were poor, educationally disadvantaged, or whatever. So, there is a difference in the program.

Obviously, if you went into a city and they were going through a reduction in racial isolation and were spending some programs on minority children, the chances are many of them would be poor. Quite a number of them, if they came from a particular environment, might be educationally disadvantaged. In that case, there would be an overlap and an add-on of ESAA funds to already present title I funds. There is a difference.

It could go to the same school districts. In some cases it could go to the same children. But they are not the same program.

Mr. MICHEL. I recall when emergency school assistance was first proposed, the figure was in the neighborhood of a billion dollars, maybe even more. I know it shook us up considerably. It will be considerably less than that amount of money, if it has been at the half billion level and now reduced to $271 million.

Whatever gave rise to those earlier prognostications of that billion dollars being required? If that was so faulty, why do we need even the $271 million now?

Dr. OTTINA. The early prognostications were that we would seek funding for 2 years, the first year at $500 million, the second year at a billion dollars. We were at that time envisioning a slightly different kind of program than was finally enacted.

As you recall, in my earlier testimony I mentioned the President's budget went forward for a request of $500 million for the first year, and the appropriation was about $271 million, of which part was for prior activities under the continuing resolution of districts receiving interim emergency school assistance, and civil rights title IV activities.

We are proposing now a continuation of approximately that same level.

DIFFERENCES BETWEEN INTERIM PROGRAM AND EMERGENCY SCHOOL AID ACT

Perhaps, Mr. Mattheis, you can point out some of the differences between them and why we are at this level.

Mr. MATTHEIS. As a matter of fact, Mr. Congressman, you recall the ESAP II—or interim emergency school assistance program—was a much smaller program, in effect, in dollars, but was concentrated on those school districts under court order. There were not that many around the country, so they got relatively heavy funding.

As we move to the ESA programs authorized by the Emergency School Aid Act, it becomes a nationwide program, so school districts all over the country are eligible as long as they can identify and produce some reduction in racial isolation.

Our first batch of applications is already in, and we have allocated funds to some of the districts, but I do not know whether one could really come down with any degree of accuracy on what that total need or want is out there.

The $271 million seems to be moving along and meeting many of the needs as far as the proposals that are coming in. We have found that many of the proposals were not of the highest quality. It is a new program. We expect to redo them and get some better ones as we get ready for the next allocation.

BILINGUAL EDUCATION

Mr. MICHEL. Let me turn to bilingual education. We did not increase the participation in that program by 18,000 since the transcript was written in your testimony here today, did we?

Mr. MATTHEIS. I will take that one, if I may.

There was an error. The figure slipped in somehow as we put these things together. That was the estimated number of students who would have participated under a different budget allocation for fiscal 1973. The figure of 143,000 is correct for the fiscal 1974 appropriation we are requesting.

Mr. MICHEL. What kind of budget allocation were you talking about before?

Mr. MATTHEIS. That was the $35 million to $41 million for 1973.

Mr. MICHEL. The new one contemplates what?

Mr. MATTHEIS. $35 million. The reason we get the large increase there is because in another school year those programs that are out there go through a vertical expansion of adding another grade level to their ongoing program, and therefore expand quite rapidly. That is where the major difference comes in. This would not be possible in a given school year, but in a succeeding school year when we get a rapid expansion.

Mr. Michel. I do not know if you recall, but I did have an exchange. not with you, but with your predecessor, Dr. Marland, with respect to better geographical representation of these programs. The concentration and need for bilingual education was not confined in the southwestern part of the United States or to the city of New York, but my colleagues from the city of Chicago and other areas of the country as well, expressed need for this program.

I kept urging the Department to broaden the scope so we would not be getting these embarrassing questions asked of us on the floor.

What can you tell me about what you have really done here to move in that direction and cover the waterfront, so to speak?

Dr. Ottina. You are quite correct, it was with Dr. Marland. I happened to be present at the time, so I recall the conversation.

We have paid heed to your advice. Mr. Mattheis can, I think, report to you some outcomes on this.

Mr. Mattheis. I do not think there is any doubt that there was overconcentration at one point in time, particularly in California and Texas. At the present time we have 214 projects and are operating in 29 States. They are being spread across the country.

An area of heavy emphasis has been 33 projects in the Northeastern States, primarily for Puerto Ricans. Then also, the addition of projects in the Midwest, primarily in the Chicago area, where we now have seven projects serving a range of clients—Puerto Ricans, Mexican-Americans, and Cubans.

We have very consciously moved to spread out the programs throughout the country.

Mr. Michel. I am glad to hear that.

TALENT SEARCH

I cannot find exactly where it is in your testimony, but mention was made of the Talent Search Program. How effective is that? I have been a little critical of some of the things that have been done in that operation in the past. What do you have to tell me this year?

Mr. Muirhead. The Talent Search program, as you know, is one of three special programs for students from disadvantaged backgrounds. The Talent Search program is designed to identify qualified youths of financial or cultural needs and provides assistance to encourage them to complete their secondary education and pursue a postsecondary education.

UPWARD BOUND

The Upward Bound program is designed to generate skills and motivation necessary for success beyond high school and enrolls students from low-income background with inadequate secondary preparation. The Special Services program supports remedial and tutorial services as the postsecondary level.

We will be glad to provide for the record, Mr. Michel, some information as to the total number of students helped under each of the 3 programs.

Mr. MICHEL. I wish you would. You know my feelings in the past. We will not belabor the record with that here. You may fill it out as best you can.

[The information follows:]

STUDENTS SERVED

Program	Academic year	
	1972–73	1973–74
Talent search	157,500	150,000
Upward bound	32,400	27,900
Special services in colleges	50,000	86,700

PHASEOUT OF FOLLOWTHROUGH

Mr. MICHEL. What kind of flack will we run into in the phaseout of Followthrough? There again, I have tried as best I could to make the point on the floor that these were just experimental programs. They were never intended to be ongoing for extended periods of time.

This came as a shock or surprise to some of the Members who had this kind of project in their district. I do not know if we made the point well enough or not, or how much pressure will be brought to bear upon those Members to in turn bring pressure to bear on us.

What additional have you to say, other than what you have said in your testimony of one paragraph about Followthrough, that would permit us to hold the line on this particular item?

Dr. OTTINA. Let me take a moment to expand my testimony so you know the plans. We have in place now 173 programs that are in various schools throughout the country or in other community groups. We would plan to have those programs continued for the duration. What we would phase out is the lowest year in that particular program. For example, not this fall but the following fall, we would eliminate the kindergarten or the first grade, whichever was the lowest. In the second year we would move it from the kindergarten to the first grade, or first and second grades.

Over a period of time, we would not be receiving new children into the program, but would continue all children who are presently enrolled, and would be enrolled in this coming year, and provide what would be a very orderly transition for that community.

As we pointed out in the past, it is an experimental program, a program in which we were trying to find methods and techniques that worked for these particular sets of children. We had in parallel an evaluation of those programs.

We attempt to disseminate and, through our technical assistance work with other programs, such as our present title I programs, to use those techniques that were useful and found beneficial in new areas.

If a particular program found exciting results, then that would be benefited to the Nation at large, rather than only that particular program.

Mr. MICHEL. How long has this program been underway?

Mr. MATTHEIS. Since about 1969, the first year.

Mr. MICHEL. We are in 1973 calendar year, 4 years.

What meaningful things have we found out in 4 years and the expenditure of how many dollars?

Dr. OTTINA. Let me correct one statement. It was school year 1967–68. We have through 1972 appropriated and spent $244.8 million. Our 1973 request is $57 million. So, we are over the $300 million mark going into the 1974 budget.

RESULTS OF FOLLOWTHROUGH PROGRAM

Mr. MICHEL. For that we ought to have learned all kinds of things; right?

Mr. MATTHEIS. I think I would want to set the stage for the complexity of the research program that we have. We, in fact, do hope to learn many things.

In the first place, we have 22 different kinds of instructional processes involved in this program. It is not spending $300 million on a single, narrow concept and trying to run it in a hard research fashion. We have 20 some of these, supported and designed and devised by university people, individual States, or school districts. There is a whole host and variety of things they are doing.

Attached to that, we have the research program which is then taking the youngsters year by year and grade by grade through these programs to determine the changes in educational achievement, and also some other types of change within the program for the students.

If those students entered in the kindergarten year and go through grade 3, we are just arriving at the first point where information is starting to come in with regard to those youngsters.

Actually, we hope to provide an even greater longitudinal study of those youngsters during the next few years, to make sure that what we think we saw we really did. It does stretch out over a period of years. We would say it is not too short a time at all for this kind of research effort.

Mr. MICHEL. If you are successful in phasing it out, then you have an experiment which stretches over the lives of individual students for how long?

Dr. OTTINA. Ten years; not on any particular individual. The maximum any particular individual would be involved would be kindergarten, 1, 2, 3. The life of the experiment would be from 1967 to 1977, 10 years.

Mr. MICHEL. I will not belabor this any longer, but you had better put something in the record at this point which tells me what we have learned up to this juncture. I need not tell you not to spare the horses. If you have only one or two things that come to mind, I would just about be in the kind of mood to phase it out quicker than you want to do.

I know we have to wait a long time sometimes for these things that we are talking about, but for $300 million we ought not to be sitting around here wringing our hands for another 5 years before we have something to tie to. By that time the same people who started this program in the first place will be saying everything is so changed we have a whole new ball game. That was started 10 years ago. It is a new generation. Throw out everything we have and start over from scratch. Then we go through another $300 million.

Dr. **Ottina.** On that point, may I say one thing. Last year we did propose a reduction of some number of programs, 26, I believe. Through a subsequent supplemental appropriation, 20 of the 26 were restored. Those are carried through the life of the program.

Mr. **Mattheis.** We do have some evidence that has come in from the research activity, and we would be very pleased to enter it into the record.

(The information follows:)

The national Follow Through evaluation will compare the effects of 11 models for education in the early elementary years. The eleven models have representatives from a variety of schools of thought: behaviorals proponents of clientele development, and proponents of the British infant school, et cetera. These models are implemented by sponsors in various sites throughout the United States.

The design is longitudinal; children are tested when they enter kindergarten. They are tested again 4 years later when they exit the program in the third grade. (Intermediate testing is being done on a small scale with the class entering in 1971 and 1972).

Four major studies are being done:

(1) The Follow Through/non-Follow Through study compares children in Follow Through, regardless of sponsor, with comparison title I schools. The data for this study will be collected in the spring of 1973.

(2) The first sponsor comparison study will be completed in the spring of 1974. This will provide us with a large sample for reporting the relative effectiveness of the models in providing for the educational needs of disadvantaged children.

(3) Sponsor-sponsor comparison study year by year This study is based on the class that entered in the fall of 1971. The children were tested upon entry and are now being tested at the end of each school year. Data is currently being reported on this class after the kindergarten year in Follow Through.

(4) The implementation study is a small study designed to see the length of time required to successfully implement a Follow Through type program. The following chart shows the key data collection periods for the studies and the corresponding reporting dates.

As can be seen from the chart at this time all findings are preliminary. The trends they indicate may or may not hold up as data accumulates. Moreover, no judgments have been made about the magnitude of the effects in terms of educational significance although some comparisons are noted to be statistically significant. With these caveats, the findings include: (1) Follow Through's effect improves with each succeeding entering class. The entry class was doing better at the end of kindergarten than the entry class of 1970. The entry class of 1970 was performing better than the entry class of 1967, (2) the class entering in the Fall of 1971 was given a thorough testing in the spring, 1972. This is the strongest sample yet analyzed in Follow Through. It is noteworthy that the Follow Through children exceed the national metropolitan achievement test.

NORMS AT THE END OF THE KINDERGARTEN YEAR

	Reading percentile	Numbers percentiles
National norms	50	50
Follow Through	54	54

(3) It has also been observed that those models which strongly emphasize achievement show the greatest short-term effects on achievement.

A summary of preliminary effects on student achievement is given in the table on p. 264.

The teachers and aides in Follow Through receive yearly questionnaires. The data from each entering class favors Follow Through in the sense that teachers show substantially greater approval of their teaching methods, satisfaction with working conditions, and use of adult assistant than do non-Follow Through teachers.

A sample of parents in Follow Through receive intensive personal interviews. The data from this interview indicate that parents of Follow Through children show:

(1) Greater involvement in school.
(2) Greater interest in their children's education.
(3) Greater satisfaction with their children's progressive school.
(4) More sense of control than do parents of the non-Follow Through comparison group.

SUMMARY ON 1-YEAR EFFECTS FOR THE CLASS STARTING IN FALL 1971

[Number of models]

Test	FT [1] exceeded NFT	NFT exceeded FT	FT exceeded NFT with statistical significance	NFT exceeded FT with statistical significance
MAT [2] word analysis	6	5	2	1
MAT reading	9	2	3	0
MAT numbers	5	6	3	1
Wide range achievement test	9	2	2	1

[1] FT=Follow Through; NFT=Non-Follow Through comparison schools.
[2] Metropolitan achievement test.

Class entering and study	Data collection periods in the evaluation					Reporting dates
	Sp. 72	Sp. 73	Sp. 74	Sp. 75	Sp. 76	
1969—FT/NFT		3d grade				January 1974.
1970—Sponsor comparison study, end of 3d grade.			3d grade			January 1975.
1971—Sponsor comparison study: Year by year.	Kindergarten	1st grade	2d grade	3d grade		January 1973. January 1974. January 1975. January 1976.
1972—Implementation study		Kindergarten	1st grade	2d grade	3d grade	January 1974. January 1975. January 1976. January 1977.

NUMBER OF STUDENTS UNDER IMPACT AID

Mr. MICHEL. Let me turn to impacted aid. How many students do we have currently in category A? Why don't you place in the record at this point the number in category A, how that compares with last year, and the projections this coming year or a few years running. That is what I am really getting at. Is that number on the incline or decline? We know what has happened to B, but what about A?

Dr. OTTINA. I have the numbers for the A before me: 387,000 for 1972; 414,000 for 1973; and 387,000 for 1974.

Mr. MICHEL. Do you have a projection for 1975?

Dr. OTTINA. We do not here have a projection for 1975.

Mr. MICHEL. It probably would not be too difficult to give us something for the record, though, would it, if you please.

Mr. SMITH. What about B? If he has it.

Mr. MICHEL. What do you have for B?

Dr. OTTINA. The B for 1972, 1,985,000; for 1973, 1,849,000; for 1974, 1,730,000. These are entitlements.

Mr. MICHEL. If you can, give us a projection for 1975 on the B, also.

[The information follows:]

The 1975 projection for category A children is 387,000, the same as for 1974; and for B children, 1,730,000, also the same as 1974.

MINIMUM FUNDING FOR BOG PROGRAM

Mr. **Michel.** Under higher education, one of the last questions I asked when we were here on the supplemental, was what is the minimum amount that could be spent on BOG's and still make it a viable program, because it was quite obvious that there was division of thought within this subcommittee, let alone divisions we might see manifested outside this committee, on where the money ought to go.

I was concerned because the supplemental request would put practically all the emphasis on BOG's.

You were here and know the testimony and know the difference of opinion. Have you arrived at any ball park figure yet as to what the minimum amount is that can go into BOG's and still make it a viable program?

Dr. **Ottina.** As I commented when you asked that question about 2 weeks ago, we would try to derive a table for you that would show the amount of grant that would be awarded under several funding levels, under several types of institutions.

A ball park number that we have arrived at—and we will have for you very shortly a very definite table and a more specific answer to the question—is about $500-plus million for a viable BOG program. We will supply that table for this hearing, too, if you would so like.

Mr. **Michel.** Are you telling me, then, that if the committee were inclined to give you only $300 million for that program, you just would not even attempt to get it started?

Dr. **Ottina.** If you would look at the table of the average awards and what would happen there, I think you would share with us the belief that $300 million would not achieve what we are striving to achieve in that program.

As I said, we try to lay out what the individual awards would be at given levels of institutional support.

Mr. **Michel.** But, if we want only to appropriate for BOG with the assurance that it will be a viable program, adding, as you say, $500 million for that, and if we are insistent on funding some of those other items, EOG at $130 million, and maybe something for work-study, aren't we then in a position of puncturing the budget by a considerable amount?

Mr. **Smith.** The direct loan program is $293 million.

COLLEGE WORK STUDY

Dr. **Ottina.** Let me make one point. We do have in both years a request for work-study of $250 million.

Mr. **Michel.** When you say both years, you are talking about 1973 and 1974 fiscal years?

Dr. **Ottina.** Yes. When we were testifyinug before this committee 2 weeks ago, we were talking about fiscal year 1973. We were then proposing $622 million for BOG's, $250 million for work-study. There was already and still is in existence the program for the NDSL. We were asking the committee to consider with us the possibility of not funding the SEOG's at $130.093 million, as I recall the figure at that time.

We are talking now about a 1974 budget in which we are proposing full funding of BOG's at $959 million, $11.5 million of which would be administrative, or $947.5 million which would be for direct student benefits, which would provide the maximum entitlement to every student that we anticipate applying for the program, plus now $250 million for work-study, which again is above the $237.4 million that the law speaks of in section 411.

Mr. MICHEL. We will have more questions before markup time on that item, but I shall not belabor the point further here in view of the time element.

HIGHER EDUCATION INSTITUTIONAL AID

In institutional assistance, page 6, you say:

"This increase will be concentrated on those institutions which have the greatest potential for serving the career and other training needs of minority students and for becoming self-sustaining," speaking of the developing institutions.

How do you do this?

Dr. OTTINA. In our 1973 initiative, we were seeking a very large increase for the developing institutions program, about $48 million. The 1972 funding level was about $52 million. We were asking in 1973 for $100 million to set up a very concentrated thrust for some of the institutions which we felt could in a relatively short period of time, 3 to 5 years, through a very intensive effort make it into the mainstream and no longer require basic support.

This 1974 proposal is a continuation of that thrust that we were proposing to you to start in fiscal year 1973.

Mr. Muirhead?

Mr. MUIRHEAD. I think you have covered it very well. As Dr. Ottina has said, we have really two programs going: the title III developing institutions program would provide support for a rather significantly large number of developing institutions. The $48 million add-on would provide for a process of selecting institutions that have the promise of becoming developed institutions, and would put particular emphasis upon developing programs in institutions serving minority students in pregraduate and preprofessional work.

RIGHT TO READ PROGRAM

Mr. MICHEL. You did not mention any figure under the right to read program. You just said "continuing level of support." What are you talking about?

Dr. OTTINA. $12 million.

SUCCESS OF SESAME STREET AND ELECTRIC COMPANY

Mr. MICHEL. Then you speak of the remarkable success of Sesame Street and the Electric Company in moving toward financial independence as a result of increasing revenues from royalties on programs. How are those derived?

Dr. OTTINA. The Children's Television Workshop has a multitude of funding sources. The Office of Education at one time was the primary funding source for it, but over time other foundations and groups have entered into it. They have formed a not-for-profit corporation and, through the lease and sale of various things, T-shirts, books, et cetera, have derived revenues under their not-for-profit corporation to continue their operation.

Mr. MICHEL. In the main, it is the private sector, principally foundations, that are footing the freight for this program?

Dr. OTTINA. In the main, but also from revenues they have received from the sale of particular things that they have produced.

VOCATIONAL EDUCATION UNDER EDUCATION REVENUE SHARING

Mr. MICHEL. For vocational education your request includes only research, career education, and adult education, doesn't it? All the other earmarked items would be put into revenue sharing—consumer and homemaking education, work-study, State and National advisory councils, et cetera? Do you anticipate extending any of these earmarks into the revenue-sharing proposal? Would therebe any requirement for the States to spend any portion of their revenue sharing funds for these activities?

Dr. PIERCE. I do not know, sir, since I have not seen the proposal. I do not know what the provisions are. We will continue to have a national priority in the area of vocational education. We are proposing to maintain a certain amount of funds in that area.

LIBRARY ASSISTANCE PROGRAMS

Mr. MICHEL. You say it "will be possible" for States and localities to support library programs with assistance from other sources. What other Office of Education programs provide support for libraries?

Dr. OTTINA. While there are no other programs within U.S. Office of Education that specifically earmark Federal funds for libraries, under the broad authorities for education of the disadvantaged and handicapped, vocational and support services, State and local officials are able to spend Federal funds on elementary and secondary school library materials and other school needs according to their relative priorities. Eligible academic libraries may also receive Federal support under the broad authority for developing institutions. Possibilities also exist for library involvement in programs under the new Emergency School Aid Act.

Mr. MICHEL. Educational revenue sharing funds can be used for libraries.

Dr. OTTINA. Under the proposed act, States and local school officials will have more flexibility in determining their individual needs according to their relative priorities. School officials could use these Federal funds on school library materials.

Mr. MICHEL. Have you any information on the extent to which State and local communities are using general revenue sharing funds for library support?

Dr. OTTINA. To date limited information is available on the expenditures of general revenue-sharing funds. We do have some very preliminary reports from the States as of February 15, 1973. These figures indicate that in 32 States, 95 local libraries have requested and hope to receive about $7,800,000 from local revenue-sharing funds. Eighteen of the 32 States plan a combination of capital expenditure and operating expenditure. Six have requested the funds totally for capital expenditure. These data are preliminary, and it is too early to project accurately how general revenue-sharing funds will be distributed among the various categories.

Mr. MICHEL. Do we currently have a surplus of librarians?

Dr. OTTINA. More comprehensive information on the market demand for librarians must await the publication of a Department of Labor survey scheduled to be completed in June 1973. However, the final draft of the systems Development Corporation Study, The Public Library and Federal Policy (March 5, 1973), treats the market demand for all librarians based upon present sources of information:

1. The series begun in 1951 of annual placements from accredited library schools indicates a modest employment slowdown for 1971.
2. The Labor Department's report on college graduate job market projected through the 1970's notes the opportunity for library graduates as good.

UNDERGRADUATE INSTRUCTIONAL EQUIPMENT

Mr. MICHEL. Would you bring us up to date on your current position with respect to HEA VI—Undergraduate Instructional Equipment? Have you just shut that off completely?

Dr. OTTINA. This program authorizes grants to institutions of higher education for the acquisition of instructional equipment on a formula basis. Since its enactment in 1965 through1972, this program has provided about $77,700,000 in Federal funds. No funds were requested for this program in fiscal year 1973. In fiscal year 1974 Federal assistance to higher education will be concentrated on student assistance.

BUDGET FOR EDUCATION FOR THE HANDICAPPED

Mr. MICHEL. Would you clarify the education for the handicapped budget request? The State grant program money will be folded into revenue sharing—$37.5 million—is this correct? The remainder of this request—$93.6 million—will be used to support the special target programs, innovation, technology, and special education? What is your current spending level under the continuing resolution?

Mr. MATTHEIS. Yes, the State grant program will be folded into special education revenue sharing. The $93.6 million requested in the 1974 "Education for the Handicapped" budget is for special target programs, innovation, technology and communication, and teacher education. The manner of operation under the conitnuing resolution has not yet been determined.

GRANT AND CONTRACT PROCEDURES

Mr. MICHEL. What changes have you made in OE grant and contracting procedures to tighten up in this area?

Dr. OTTINA. Prospective contract/grant actions are submitted to the Contracts and Grants Division for negotiation and award. Thereafter, technical monitoring is conducted in as many as 150 cities by program personnel. The grants management personnel in the Contracts and Grants Division interface with these individuals from a business standpoint. So, you have several hundred people actually monitoring the contract/grant actions.

The following list is an indication of actions to be taken to improve the contracts and grants and program operations of the Office of Education:

1. Develop standard applications which would be used by all programs in the Office of Education. These applications would provide for supplemental information where necessary to meet particular program objectives.

2. Develop a standard system for objective program review procedures to select proposals for funding. These procedures will provide an objective evaluation involving persons outside the immediate organization in which the award authority is vested.

3. Prepare objective criteria for the selection of proposals to be funded.

4. Prepare an annual work plan to achieve a more uniform distribution of grant and contract processing during a fiscal year consistent with the school year requirements of the educational organizations.

5. Prepare objectives criteria for the determination of whether a grant or contract instrument would be used for each particular program administered by the Office of Education.

INTERN PROGRAM

Mr. MICHEL. Will you break out the proposed funding for OE intern and similar programs, for the record? And, I mean all the programs. The last time I asked for this I only got about half of them. Give me a comparison with last year's funding level.

Dr. OTTINA. Yes, sir.

[The information follows:]

Program	1972			1973		
	Number of Participants	Salary	Training Costs	Number of Participants	Salary	Training Costs
Office of Education Management Interns......................	18	$198,594	$ 7,000	14	$162,596	$ 5,500
HEW Management Interns.........	12	134,400	---	6	67,200	---
Public Service Career Trainees.	20	33,830	---	12	9,414	---
Upward Mobility College........	163	---	357,000	134	---	331,000
Project Stride Interns.........	15	314,940	2,700	14	409,360	29,000
Office of Education Fellows....	16	200,918	---	---	---	---
Project Start Interns..........	15	109,635	27,000	15	115,410	23,000
Junior Fellows.................	5	11,800	---	---	---	---
Vocational Office Trainees.....	6	31,492	---	---	---	---
TOTALS....................	270	1,035,609	393,700	195	763,980	388,500

SALARIES AND EXPENSES

Mr. Michel. What are you proposing for fiscal 1974 with respect to numbers of OE personnel? Give me a comparison with 1973 and 1972.

Dr. Ottina. The fiscal year 1974 request for salaries and expenses for the Office of Education includes 2,619 positions. Comparable figures for fiscal years 1973 and 1972 are 2,965 and 2,460, respectively.

Mr. Michel. Thank you, Mr. Chairman.

Mr. Flood. Mr. Natcher.

FUNDS FOR ELEMENTARY AND SECONDARY EDUCATION UNDER CONTINUING RESOLUTION

Mr. Natcher. Under the continuing resolution, Dr. Ottina, how much do we have for elementary and secondary education?

Mr. Miller. There is no single answer to that question at this time, Mr. Natcher. We had a brief discussion of that before you came into the room. I could provide for the record, if you like—I do not have it here with me—the amount for elementary and secondary education under the lower of the House and Senate bills as of July 1.

Mr. Natcher. Would it be in the approximate amount of $1.7 billion? Is it not in that neighborhood? Is that high or low?

Dr. Ottina. Low.

Mr. Miller. It sounds very low. Are you including all of elementary and secondary?

Mr. Natcher. Yes. About $1.7 billion.

Dr. Ottina. It would be closer to $2.7 billion.

Mr. Natcher. Under the continuing resolution?

Mr. Miller. Under the lower of the House and Senate bills.

Mr. Natcher. The amount in your request before the committee is $2.8 billion. That includes the school lunch program, right?

Dr. Ottina. That is correct.

Mr. Natcher. What is the approximate amount of the school lunch program?

Dr. Ottina. $244 million.

LEGISLATION FOR EDUCATION REVENUE SHARING

Mr. Natcher. In the calendar year 1972, we had one or more bills introduced pertaining to education revenue sharing, is that not correct?

Dr. Ottina. Yes, sir.

Mr. Natcher. Were hearings held before the Education and Labor Committee on any of those bills?

Dr. Ottina. There were hearings held before the Senate, I believe.

Mr. Natcher. Not on the House side?

Dr. Ottina. I do not recall that. Maybe some of my colleagues could help me there.

Mr. Mattheis. We had extensive hearings on the Senate side.

Mr. Natcher. You are positive on the Senate side but not too sure whether or not they were held on the House side?

Dr. Ottina. Yes, sir.

Mr. Natcher. Has the Department or the administration sent up to the Education and Labor Committees of the House and Senate, education revenue-sharing legislation?

Dr. Ottina. No, sir, they have not as yet. We plan to do so within the week.

Mr. Miller. Hearings are scheduled in the House, I believe, on the 19th of March.

Mr. Natcher. To start on the 19th of March on legislation now pending, or on the proposed bill that will come up?

Mr. Miller. On the proposed bill that will come up. I believe so.

Mr. Natcher. Just assuming, Dr. Ottina, that the House and the Senate refuse your special education revenue-sharing legislation, where are you then?

Dr. Ottina. As Mr. Weinberger, I believe, testified to this group earlier this week——

Mr. Natcher. I can tell you word for word what he said, Dr. Ottina. He said that they were so sure that it would pass and were so fixed on it that there were no plans to take effect or any move to be made if it failed, that in substance was his statement.

Generally, how do you feel about it? The same way?

Dr. Ottina. I, too, heard Mr. Weinberger the same way that you did.

Mr. Natcher. Do you feel the same way he did, personally?

Dr. Ottina. We presently do not have plans in effect other than revenue sharing.

Mr. Natcher. You are assuming that it will pass?

Dr. Ottina. Yes, sir.

Mr. Natcher. Can you tell me generally how the school administrators, the school superintendents, county, and city, throughout the United States feel about revenue sharing?

Dr. Ottina. As we testified earlier, Mr. Natcher, the reaction to the concept of education revenue sharing by many school administrators is a very positive one. The concerns they are expressing are concerns that your statement and your question express, and that is the immediacy of it and how soon they can begin their planning based upon some assurances that certain things will be in place.

But in terms of concept, we have had, I would say, an overwhelming endorsement of the concept from educational administrators and leaders throughout the Nation.

Mr. Natcher. The legislation is coming up. Are you at liberty to tell us how the money is to be distributed under the proposed bill as far as the States are concerned? Would it go through the State superintendents of education or directly into the school districts, or how would it go?

Dr. Ottina. I am afraid I am not at liberty to specify how it is. Those are still topics that we were debating this morning, as a matter of fact, Mr. Natcher. We do have a draft version that we will be proposing. Hopefully, it would be introduced in both Houses about a week from today. That is the time frame we are working on.

Mr. Natcher. Since our hearing started, I believe you have received your permanent appointment as the Commissioner, is that correct?

Dr. Ottina. I have been nominated by the President. The Commissioner of Education requires confirmation.

Mr. Natcher. You should be confirmed, and I say to you frankly, we wish you the best of everything in your new assignment.

Dr. Ottina. Thank you very much.
Mr. Natcher. Thank you, Mr. Chairman.
Mr. Flood. Mr. Shriver.
Mr. Shriver. Thank you, Mr. Chairman.

HIGHER EDUCATION EMPHASIS TOWARD STUDENT AID

As I understand, the shift in higher education is to assistance to students, rather than institutions. In other words, institutional assistance will be channeled through students in the form of tuition assistance. Is that correct?

Mr. Muirhead. You are quite correct in saying that the major emphasis will be that of student assistance.

I think it proper to point out, however, that student assistance will not be restricted only to tuition assistance. The student assistance will cover the cost of education to the student, either through a basic opportunity grant——

Mr. Shriver. Do you expect institutions to increase their tuitions to make up for the loss of institutional assistance?

Mr. Muirhead. We do not really expect institutions to do so, because, as you know, the institutional assistance provision has not been decreased. We have not supported the authorization for institutional assistance. There has not been a withdrawal of institutional assistance. On the contrary, as we indicated a moment ago, there is a rather substantial, $48 million, increase for a special form of education assistance.

TITLE I ESEA AUDIT EXCEPTIONS

Mr. Shriver. The following is from the Congressional Quarterly of February 10, 1973:

> Between September 1971 and November 1972, the Office of Education requested 18 States and the District of Columbia to return $19.5 million of title I ESEA money that allegedly had been misspent as of November 7 last year. Only slightly more than $420,000 has been actually returned, and officials at the Office of Education were reconsidering their request.

What is the status of this now?

Dr. Ottina. The status varies with each of the States. You will find when Mr. Mattheis testifies on the specifics, the amounts of money have changed. We have worked with each one of the various States in which there has been conducted in the very recent past an audit, to try to work with them to find out, under the circumstances under which they were operating, which ones of these were permissible and not permissible.

Part of the problem of audits, quite frankly, has been that they extend over a long period of time, beginning in 1966, some of them through 1971, where the regulations that dealt with title I were not as clear as they are today.

Mr. Mattheis, I believe, has some specifics that he can give you on where we stand as of today.

Mr. Mattheis. We would be happy to enter it into the record. It is a very complex thing, listing 48 States.

Mr. Shriver. Why don't you do that.

Mr. Mattheis. We would be very happy to enter that into the record.

[The information follows:]

TITLE I, ESEA AUDIT EXCEPTIONS (BASIC GRANTS)

State	No. Audit Completed	Completed Audits (Total dollar amounts of HEW AA exceptions) Period	Dollars	OE Action Status In Process	OE Action	Settlements Refund to OE Amount	Refund to OE Date	Reimbursement to State Amount	Reimbursement to State Date	Addition of State funds to future year allocation Amount	Addition of State funds to future year allocation Date	Addition of local funds to future year allocation Amount	Addition of local funds to future year allocation Date
Alabama		9/65-6/68	914,652		589,546								
Alaska		9/65-8/70	438,215	438,215									
American Samoa	X												
Arizona		9/65-8/69	1,588,219		762,023								
Arkansas		9/65-6/70	2,448,786		615,548								
California		9/65-8/68	2,495,998		1,102,518								
Colorado		9/65-8/67	4,156		0								
Connecticut		9/65-9/68	0		0								
Delaware		9/65-6/69	30,199		0								
District of Columbia		7/65-6/67	5,400,000		1,560,150								
Florida		7/65-6/69	11,016,201		3,479	3,479	3/7/73						
Georgia		9/65-6/67	0		0								
Guam	X												
Hawaii		9/65-8/69	302,255	302,255									
Idaho		9/65-8/68	12,585		3,205					3,205	6/29/71		
Illinois		9/65-6/68	9,477,510		3,905,385								
Indiana		9/65-8/67	136,592		5,579	5,579	8/2/71						
Iowa		7/65-6/69	195,974		195,974								
Kansas		9/65-6/69	134,395	134,395									
Kentucky		7/65-6/67	831,421		295,378								
Louisiana		9/65-8/66	2,868,000		0								
Maine		9/65-12/69	1,069		1,069	1,069	7/15/71						
Maryland	X												
Massachusetts		9/65-6/68	207,819		50,155			600	4/15/69	48,863	4/15/69	692	8/2/71
Michigan		9/65-8/69	4,608,467		928,640								
Minnesota		9/65-6/69	384,419		207,900								
Mississippi		9/65-8/69	3,502,566		3,000,689								
Missouri		9/65-12/68	5,920		5,920							5,920	3/6/67
Montana		9/65-866	31,657		19,057								
Nebraska		7/65-6/70	211,336	211,336									

State	No. Audit Completed	Completed Audits (Total dollar amounts of HEW AA exceptions)		OE Action Status									
						Settlements							
		Period	Dollars	In Process	OE Action	Refund to OE		Reimbursement to State		Addition of State funds to future year al'ocation		Addition of local funds to future year allocation	
						Amount	Date	Amount	Date	Amount	Date	Amount	Date
Nevada	X												
New Hampshire		9/65-4/70	26,873		10,549							10,549	5/18/71
New Jersey		9/65-8/67	192,975	192,975									
New Mexico		9/65-8/66	90,157		5,429								
New York		7/65-8/66	89,698		0								
North Carolina		7/65-2/70	4,096,075	4,096,075									
North Dakota	X												
Ohio 1/		9/65-8/68	9,927,195		64,685	64,685	1/10/69 1/						
Oklahoma		9/65-6/68	49,995		685							685	6/16/72
Oregon		9/65-8/67	138,000	138,000									
Pennsylvania		7/65-8/67	422,394		138,250								
Puerto Rico		7/65-6/70	60,000,000	60,000,000									
Rhode Island	X												
South Carolina		7/65-6/70	3,508,959		2,791,494								
South Dakota		9/65-6/71	93,600	93,600									
Tennessee		9/65-8/69	2,563,337		2,303,528								
Texas		9/65-6/69	2,749,655		630,155								
Trust Territory	X												
Utah		9/65-8/67	47,187		28,785	1,713	9/19/70			27,072	4/7/70		
Vermont		9/65-6/69	0		0								
Virgin Islands		7/65-1/70	114,940	114,940									
Virginia		7/65-6/67	92,468	92,468									
Washington		9/65-8/68	189,628		-0-								
West Virginia		7/65-12/69	72,880	72,880									
Wisconsin		9/65-8/67	130,237		33,336	32,904	10/8/71					432	10/8/71
Wyoming		9/65-8/69	0		0								
TOTALS			131,844,664	65,887,139	19,259,111	105,950		600		79,140		18,278	

Of all States audited, eleven States had audit periods extending beyond August of 1969. The total dollar amount of exceptions is $71,012,733. Of this amount $60,000,000 is for audit exceptions in Puerto Rico for the audit period FY 66-70.

[1] After January 1969 OE returned $64,685 to Ohio since GAO determined OE was not entitled to interest earned on OE funds deposited by State.

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State	Audit Control #	Date of Audit Completion (HEWAA to USOE)	Response from SEA		Response from USOE		Substance of Further Communication of Interaction	Current Status	
			Date	Substance	Date	Substance		USOE-Requested Dollars	State Response Status
ALA.	10004-04	9-30-70	12-21-70	Response submitted	11-9-72	Preliminary determination letter	12-1-72 USOE-State meeting Mtg. held. 30-day extn granted for submission of additional information	589,546	State is to submit further information
ARIZ.	10003-09	8-21-70	-10-71	Cited lack of program clarification--requested mtg. on 10-13-71	1-26-72	Final determination letter		762,023	Referred to State Attorney-General-State refused to pay
ARK.	20005-06	10-29-71	1-11-71	Contests entire amount based on variability of guidelines	11-8-72	Preliminary determination letter	State held meeting with USOE on 12-18-72 - Additional time granted for information to be submitted.	615,548	Negotiations continuing
CALIF.	90074-09	9-3-71	9-27-71	Submitted response	9-3-71	Final determination letter		1,102,518	Negotiations continuing
COLO.	90005-08		Information was previously examined in prior review and USOE had reduced audits exceptions to zero. No further actions were necessary.					-0-	Closed
CONN.			Information was previously examined in prior review and USOE had reduced audits exceptions to zero. No further actions were necessary.					-0-	Closed
DEL.	00116-02 30016-03	6-22-70	7-23-70	Corrected program deficiencies	2-22-71	Closed Audit		-0-	Closed
DIST. OF COL.	00002-03	7-31-69	1-18-69	Submitted reply			4-10-72 submitted rebuttal at USOE-DC meeting	1,560,150	Data submitted by District currently under USOE consideration
			0-20-71	Requested meeting					
			2-29-71	Referred audit to corp. council	10-14-71	final determination letter			
FLA. (SEE PAGE 6)									

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State	Audit Control #	Date of Audit Completion (HEWAA to USOE)	Response from SEA		Response from USOE		Substance of Further Communication of Interaction	Current Status	
			Date	Substance	Date	Substance		USOE-Requested Dollars	State Response Status
GA.	00033-04	6-22-70	8-28-70	Submitted response	2-22-71	Preliminary determination letter		-0-	Closed
IDAHO	00001-10	5-14-70	6-18-70	Submitted response	6-29-71	Closed audit		3,205	Closed(additional SEA funds added to future year allocation on 6-29-71).
ILL.	90175-05 00258-05	1-25-67 11-20-68	1-15-68 2-23-68 7-18-69	Submitted responses	5-4-72 9-29-72	Preliminary determination letter Requested additional info.	4-3-70 - USOE-State meeting held 6-14-72 USOE-State meetings held	3,905,385	Additional info. requested by USOE recently received--USOE in process of reviewing
IND.	ARN 780	6-16-70	7-1-70	Submitted response	7-15-71	Preliminary determination letter		5,579	Closed. (SEA refunded funds to USOE on 8-2-71
IOWA	00001-07	4-8-70	5-8-70	Submitted response questioning many items	5-1-72	Preliminary determination letter	5-17-72 - Requested meeting 5-31-72 - Held meeting 9-19-72 - Submitted additional information	195,974	Data submitted by State currently under USOE review
KY.	00001-04	2-70	6-22-70	Submitted response questioning Title I Regs.	11-9-72	Preliminary determination letter	12-5-72 - Submitted response to preliminary determination	295,378	Negotiations continuing
LA.	00080-07		State had bad record--Auditors now conducting new audit for this period.					-0-	
MAINE	10030-01	9-16-70	5-20-71	Submitted response	7-12-71	Final determination Letter		1,069	Closed. (SEA refunded funds to USOE on 7-15-71)

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State	Audit Control #	Date of Audit Completion (HEVAA to USOE)	Response from SEA		Response from USOE		Substance of Further Communication of Interaction	Current Status	
			Date	Substance	Date	Substance		USOE-Requested Dollars	State Response Status
MASS.	90001-01	8-10-67			9-9-68	Preliminary determination	8-2-71 Mass. submitted additional information	50,155	Closed. (SEA settled entire amount by allocating SEA and LEA funds to future year on 4-15-69 and 8-2-71)
			10-27-69	Submitted response	6-28-71	Final determination letters			
MICH.	10010-05	7-20-70	9-14-71	Submitted response	9-3-71	Final determination letter	11-22-71 held USOE-State meeting	928,640	Negotiations continuing
			1-7-72	Submitted second response					
MINN.	10013-07	7-15-70	8-13-70	Submitted response	1-26-72	Preliminary determination	2-1-72 submitted additional information	207,900	On 12-6-72, State requested a tribunal hearing.
					9-21-72	Final determination letters	3-8-72 held State-USOE meeting 10-3-72 State requested transcript of meeting--transcript sent 10-31-72		
MISS.	10002-04	12-17-70	1-27-71	Submitted response	11-10-72	Preliminary determination letters	State requested meeting to be held on 1-11-73 - Meeting held. Additional information submitted	3.000,689	Negotiations continuing
MO.	00003-06	10-20-69	No Memo copy in file		9-7-71	Preliminary determination letter. Asked for $5,920 credit to Title I account	10-6-71 SEA answered audit questions by sending documentation of credit of $5,920 to Title I account	5,920	Closed. (SEA settled by adding LEA funds to future year allocation on 9-27-71)

State	Audit Control #	Date of Audit Completion (HEWAA to USOE)	Response from SEA		Response from USOE		Substance of Further Communication of Interaction	Current Status	
			Date	Substance	Date	Substance		USOE-Requested Dollars	State Response Status
MONT.	10001-08	10-21-70	12-23-70	Reply to questions on the audit Rpt.	6-28-71	Asked for return of $31,657	8-24-71 - State documented points of question. 4-26-72 - OE asked for return of $19,057	19,057	5-8-72 asked for 30-day-extension 5-15-72 got extension.
N.H.	10033-01	10-29-70	1-26-71	Answers to (8) audit findings	5-18-71	Answer to their memo of 1-26-71 stating we will close if they reallocate $10,549 to Title I fund.	6-7-71 - SEA letter with documentation for audit report showing reallocation of $10,549 to Title I account	10,549	Closed. (SEA settled by adding LEA funds to future year allocation on 5-18-71)
N.M.	00025-06	6-5-70	7-28-70	Comments on audit report findings	11-9-72	We asked for $5,429 to close account		5,429	Open - No correspondence since 11-9-72
N.Y.	90038-02	10-22-68	8-30-70	Pre answer to audit draft questions	1-28-70	Asked for additional information	2-6-70 - SEA reply with additional information 4-14-70 - Asked for legal opinion	-0-	10-19-71 close-out letter
OHIO	90.10-05	6-13-69	8-8-69	Documentation of questions				64,685	Folder lost. Closed. (SEA refunded entire amount to USOE on 10-8-72
OKLA.	90053-07	6-23-69	7-15-69	Documentation for audit questions			6-16-72 - SEA Documentation of $685 credit to Title I account	685	Closed. (SEA added LEA funds to future year allocation on 6-16-72)

State	Audit Control #	Date of Audit Completion (HEVAA to USOE)	Response from SEA		Response from USOE		Substance of Further Communication of Interaction	Current Status	
			Date	Substance	Date	Substance		USOE-Requested Dollars	State Response Status
PA.	90051-02	4-4-69	5-4-69	Documentation & answer to (10) audit questions	4-3-70	Response to Documentation		138,250	Negotiations continuing
			5-22-69	State submitted more documentation	5-16-72	Letter asking for $138,250			
S.C.	20001-04	9-28-71	10-28-71	Submitted response	11-10-72	Preliminary determination letter	2-22-72, 3-3-72, & 12-4-72--submitted additional data 2/13/73 Meeting held	2,791,494	Negotiations continuing Additional Infor
TENN.	10003-04	9-23-70	12-10-70	Submitted response	11-10-72	Preliminary determination letter	11-15-72 - State asked for meeting; met on 12-9-72	2,303,328	USOE currently reviewing data submitted on 12-9-72 by State
TEX.	10016-06	8-17-70	10-9-70	Submitted response	11-8-72	Preliminary determination letter	12-13-72 - USOE-State meeting held	630,155	Negotiations continuing
UTAH	00014-08	8-5-69	6-1-70	Submitted response	8-26-70	Preliminary determination letter		28,785	Closed. (SEA refunded money to USOE on 9-19-70 and added SEA funds to future year allocation on 4-7-70)

State	Audit Control #	Date of Audit Completion (HEWAA to USOE)	Response from SEA		Response from USOE		Substance of Further Communication of Interaction	Current Status	
			Date	Substance	Date	Substance		USOE-Requested Dollars	State Response Status
VT.	00035-01	4-20-70	5-4-70	Response to Audit. They agreed with Audit.	4-9-71	Closeout letter		-0-	4-9-71 closed
WASH.	00069-09	12-23-69	1-22-70	Response to Audit	9-3-71	Asked for $189,628 in final determination letter	2-7-22 - Documentation sent from SEA 4-29-72 - Letter stating more information will be sent by May '72. - Letter 3/8/73 USOE accepted justification for funds expenditures	-0-	Closed
WISC.	90178-05	10-22-68	12-20-68	Response to (7) audit findings	4-7-69	Reply to their answers Asked additional Documentation	.9-3-71 - Additional documentation supplied by SEA	33,336	Closed. (SEA refunded funds to USOE and added LEA funds to future year allocation on 10-8-71)
WYO.	00128-08	6-19-70	None	None	5-18-71	Preliminary determination letter	6-3-71 - SEA letter with information requested by OE 5-18-71. 6-29-71 - Closeout letter from OE	-0-	Closed 6-29-71
FLA.	10001-04	10/9/70			1/29/73	Preliminary Determination Letter	Request for Extension Granted	$3,479	Closed - ($3,479 Received to settle audit)

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			Date	Substance	Date	Substance		USOE-Requested Dollars	State Response Status
VT.	00035-01	4-20-70	5-4-70	Response to Audit. They agreed with Audit.	4-9-71	Closeout letter		-0-	4-9-71 closed
WASH.	00069-09	12-23-69	1-22-70	Response to *Audit*	9-3-71	Asked for *$189,628 in* final determination letter	2-7-22 - Documentation sent *from SEA* 4-29-72 - Letter stating more information will be sent by May '72. - Letter 3/8/73 USOE accepted justification for funds expenditures	-0-	Closed
WISC.	90178-05	10-22-68	12-20-68	Response to (7) audit findings	4-7-69	Reply to their answer. Asked additional Documentation	9-3-71 - Additional documentation supplied by SEA	33,336	Closed. (SEA refunded funds to USOE and added LEA funds to future year allocation on 10-8-71)
WYO.	00128-08	6-19-70	None	None	5-18-71	Preliminary determination letter	6-3-71 - SEA letter with information requested by OE 5-18-71. 6-29-71 - Closeout letter from OE	-0-	Closed 6-29-71
FLA.	10001-04	10/9/70			1/29/73	Preliminary Determination Letter	Request for Extension Granted	$3,479	Closed - ($3,479 Received to settle audit)

PROGRAM FOR MIGRANT WORKERS

Mr. SHRIVER. One categorical program to be eliminated by the so-called revenue sharing is the education program for children of migrant agricultural workers.

They have special problems, as I understand it. They have no local school district that they can call their own. Local school officials, with tight budgets, may or may not recognize their needs for education revenue funds.

The needs of migrants cross State lines. What indication do you have that States and localities will recognize those problems?

Mr. MATTHEIS. I am not sure that we can guarantee that they would recognize them. We are going to propose and give them the authority under the educational revenue-sharing program to do something more than what they might be doing now, both in the use of funds that might be categorized for the educationally disadvantaged, and also possible transfer of funds within the rest of the revenue-sharing package.

It will be changed from what it is. What we would do under revenue sharing is provide them an opportunity to make the decision themselves as to whether they would do something more or less with regard to these children.

I think the program is well enough along its way. It has been received very well throughout the country where these students are. I think we could expect there would be equitable treatment, if not expansion of the program, as the States took over the authority to determine where they would spend the money.

Mr. SHRIVER. The success of education revenue sharing will depend on State and local administration. Since you are proposing the elimination of assistance to strengthen State departments of education, from what sources will the States and localities obtain administrative assistance? They have been looking to the Federal Government for that.

Dr. OTTINA. As I mentioned earlier, we would be proposing our bill to the administration within a week or so. Some of the definite decisions that you are seeking, I am not presently at liberty to disclose, because some of them are issues that have not been completely and fairly solved.

However, on the topic that you address, it is recognized that States must and will require funds to administer their programs, and I am confident that in the proposal for revenue sharing they will be allowed the use of such funds that are given to the States for such purposes as have been traditionally used for title V of ESEA.

IMPACT AID COMPENSATION FOR LOST TAXES

Mr. SHRIVER. I think you were probably here the other day when I was painting the picture of a school district that has relied heavily upon impact school district aid, because the principal industry within that school district is an airplane factory, and the building is owned by the Federal Government, and the Government pays no taxes to the school district. The Government receives money in rent for the building, but pays no real property taxes.

You say there is no need for compensation because there is little, if any, loss of local revenue. There certainly is in this instance. What do you do for a school like that?

Dr. **Ottina.** I was referring in that statement that, as you look across the Nation and look at where school revenues are derived from, in rough terms about 6 percent derives from the Federal Government, about 50 percent comes from States at large, and the remaining 40-some-odd, almost 50 percent, derives from local revenue.

Better than 90 percent of the local revenue stems from local property taxes, of which the greatest share comes from residential property taxes, looking at the Nation as a whole.

The people that we are talking about who are qualified as "B" by definition either own their home and pay direct taxes, as I do——

Mr. **Shriver.** That is granted. For instance, out here in Virginia, I own the house where I live, and pay all the taxes of Virginia. But that is not true in this one district where the Federal Government pays no taxes on the building occupied by the largest industry in the community.

Dr. **Ottina.** In the case of the renter, he indirectly pays tax through his rent.

Mr. **Shriver.** But they also rely heavily upon the taxation of buildings, businesses, and industries, not just homes.

Dr. **Ottina.** Yes; a proportion of the revenue does come from commercial enterprise.

Mr. **Shriver.** Other than just the taxation of real property known as residences.

Regarding the "A" category of children, you are proposing to continue this assistance, but you are including it in your special revenue sharing. Will the States be required to pass this assistance along to the impacted school districts?

Dr. **Ottina.** Yes. Once again, the specifics there are not nailed down, but the present thrust is very much that they would be required to pass it to the district that accrued that hardship.

So it would be, as last year, a passthrough to the local educational agency which has the "A" children.

OTHER PROGRAMS PROVIDING LIBRARY ASSISTANCE

Mr. **Shriver.** In proposing the elimination of library assistance, you say school libraries can rely on special revenue sharing along with everyone else, or they can get assistance from other Office of Education programs.

What are those programs?

Dr. **Ottina.** In both of those statements, we are not trying to say that 100 percent of the library programs currently in existence will be able to be absorbed. What we are suggesting is that there are other resources——

Mr. **Shriver.** How much has been requested for those others?

Dr. **Ottina.** Depending upon which of the various resources.

Mr. **Shriver.** The other Office of Education programs that you mention.

Dr. **Ottina.** In some programs we have increased funds. In others, we have the same amount.

The point I was trying to make is that we are not trying to say that 100 percent by any means would be available.

Mr. **Shriver.** I merely asked how much is being requested for them in fiscal year 1974.

Dr. **Ottina.** Some of the programs we are talking about would be programs which could be made available through special revenue sharing. Title III, for example, is a program which can support some of the activities that we described. We are asking for the total amount in special revenue sharing, which would be about $146 million, as I recall, for that type of program.

Mr. **Shriver.** That is what you mean, then, by assistance from other Office of Education programs?

Dr. **Ottina.** Indeed.

Mr. **Shriver.** Which is special revenue sharing?

Dr. **Ottina.** Yes; among others as well.

Mr. **Shriver.** Among others?

Dr. **Ottina.** Yes.

Mr. **Shriver.** What others?

Mr. **Mattheis.** The Followthrough program which is continuing. Certainly, library materials purchased for kindergarten through grade 3 in elementary school. The bilingual programs would have a library component to them. The Emergency School Assistance Act could have some library components in addition to special revenue sharing.

Mr. **Shriver.** If you think of any other programs, put them in the record, and how those requests compare with fiscal year 1973.

Dr. **Ottina.** Indeed we will.

[The information follows:]

Other Office of Education Programs Supporting Libraries

While there are no other programs within U.S. Office of Education that specifically earmark Federal funds for libraries, under the broad authorities for education of the disadvantaged and handicapped, vocational and support services, State and local officials are able to spend Federal funds on elementary and secondary school libraries materials and other school needs according to their relative priorities. Eligible academic libraries may also receive Federal support under the broad authority for developing institutions. Possibilities also exist for library involvement in programs under the new Emergency School Aid Act.

HIGHER EDUCATION CONSTRUCTION

Mr. **Shriver.** You say it is expected that colleges and universities can now meet their construction requirements without further Federal assistance.

I presume you have some information or statistics upon which you base that assumption.

Mr. **Muirhead.** We will be glad to provide such information as we have. I think it would be fair to point out, however, that in arriving at that decision to put the major thrust of higher education support on students, we did make a decision as to priorities. We decided the highest priority was on student assistance, and that higher education probably had been well served through the Higher Education Facilities Act and well served through the subsidized loan program, and that was not as high a priority by any means as the other priorities that are reflected in the budget.

Dr. OTTINA. In response to an earlier question which the chairman asked, that was a particular topic that we discussed with many members of the higher education community, and they advised us very much that their priorities were away from construction, and if we had any new funds, we should target it on other than construction for the present.

Mr. SHRIVER. Thank you.

Mr. FLOOD. Mr. Smith.

Mr. SMITH. I want to get real specific about this budget. I want to take a specific example.

ESEA, TITLE I ABSORBED BY REVENUE SHARING

As I understand it, you are proposing to eliminate title I of ESEA, which is $1.585 billion, and to depend upon revenue sharing for that amount of money. Is that correct?

Dr. OTTINA. Yes, special revenue sharing.

Mr. SMITH. Of that $1.585 billion, grants to local educational agencies for 1973 were $1.390 billion. If we have special revenue sharing, will those same local educational agencies get the same amount of money?

Dr. OTTINA. I do not believe, Mr. Smith, that would turn out to be true in any case, whether we did or did not have educational revenue sharing.

The 1970 census has shifted the population and the number of children that would be eligible for this kind of assistance. The pattern of funding, regardless of which formula, be it title I as it exists today or title I formula change reflecting a different cutoff in terms of income, or educational revenue sharing——

Mr. SMITH. It contains, again, a clause that prevents a shift below what you got last year.

Anyway, that is not important to this question.

Dr. OTTINA. The amount of money would be essentially the same, dollar for dollar. It would go to the State and then to the district, presumably through a pass-through or by a formula.

If the population did not change—let us assume that for a moment—essentially each district would be receiving the same amount of money in 1974 as in 1972.

Mr. SMITH. Then you are going to propose provisions requiring a pass-through so that, in the end, the same local educational agencies will get about the same amount of money as they would if you had title I, is that correct?

Dr. OTTINA. If you have assumed with me at that time a population shift had not occurred.

Mr. SMITH. That has nothing to do with what I asked. Perhaps, I did not make my question clear.

Are you proposing in revenue sharing that there be a pass-through so the same local educational agencies will get about the same amount of money that they would in 1974 had there been funding for title I and no special revenue sharing?

Dr. OTTINA. As I testified earlier, the specifics of the educational revenue sharing have not been completely ironed out. We will be pro-

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posing whatever that bill contains about a week from today. We are appearing before the House Education Committee on the 19th of March. I am not really able today to nail down all of the points that you are asking, Mr. Smith.

I was trying to give you a broad answer to the question.

PROBLEM OF TIMING UNDER PROPOSED REVENUE SHARING

Mr. **Smith.** This is the middle of March. The local school boards are meeting and hiring their teachers, and they need to know whether they are going to have the teachers that they employ under this program at the present time. With the information available, we cannot know whether to go ahead with title I as it has been and give them some assurance that they can continue that way. We are not being informed whether the proposed special revenue sharing will have a passthrough provision. We are wasting our time here today.

Mr. **Miller.** Mr. Smith, I do not know whether your schedule will permit it, but we will be glad to give the committee a briefing the minute we know what the legislation will contain.

Mr. **Smith.** I have not heard any answers to any questions about a passthrough provision. We are wasting our time here today.

Dr. **Evans.** As Dr. Ottina said, the planning on the educational revenue-sharing bill is receiving its final touches. As you recall, last year's educational revenue-sharing bill proposed by the administration called for several subcategories, one of which was a disadvantaged category, and had some very similar parallel characteristics similar to the basic title I bill.

The basic thrust and the basic planning now going on, which will be available to the Congress and to this committee, as Mr. Miller said, on a special basis, we hope within a week, has been along the same lines, with the same general consideration of a disadvantaged subcategory that would, if present plans continue, do as you have indicated and call for something approaching the passthrough we have been talking about.

POPULATION CHANGES SINCE 1960 CENSUS

As Dr. Ottina has pointed out, this is important and relevant to your question, because, certainly, one of the provisions proposed by the administration as part of its special revenue sharing bill, and the disadvantaged subcategory proposing a continuation or revision of title I of the existing legislation, would be a revision that would be based upon the very substantial and far-reaching population changes that have occurred since the 1960 census.

Therefore, when you ask the question, "Would the same districts receive money?" the answer in many cases would be "No," or they would receive different amounts of money, because of the very substantial population changes in the disadvantaged population.

UNCERTAINTY OF FUNDING DISTRIBUTION

Mr. **Smith.** The $1.390 billion is material to my question, whether under the new formula districts are getting the same as under the revenue sharing. That does not enter into it, really. What we have to find out is what effect it has on the local school districts.

This is basic to the local school districts. They have been receiving title I funds. They need to know and the teachers need to know whether they have a job next year. We cannot wait several weeks until there are hearings on new proposals, and then find out about the time we are supposed to be marking up our bill what effect that unreleased proposals for revenue sharing would have on our local school districts.

It seems to me, in view of what you said, we ought to junk this special revenue sharing idea for this year, and get practical about it. Let us get on with the work under title I.

I do not see how we can do right by the local school districts if we are to fool around this way for another couple of months.

Mr. OBEY. Will the gentleman yield at this point.

I have a letter from the deputy director of the department of public instruction in Wisconsin. I know he personally happens to favor the revenue sharing concept, but he indicates also in his letter to me that he has a problem involving about 6,900 teachers whose contracts have to be signed by April 15.

They have a tough enough time knowing what goes on under the old program, let alone the new program.

Mr. SMITH. There is no possible way for this appropriation to be settled by April 15.

Mr. MILLER. I am pretty certain we will be able to answer your question specifically before you mark up—in fact, I hope before the Office of Education finishes testifying this week.

Mr. SMITH. If you could tell us, whether we proceed under the old plan or under the new plan, whether the same districts would receive approximately the same amount of money under the new plan, then they could make some sort of planning.

On the other hand, if you do that, the next question is: What is the use of having revenue sharing if you are going to have the same funding both ways?

You must have something else in mind, or you would just say, "Go ahead with the old program."

Dr. OTTINA. Mr. Smith, I am sure that we need not say that we, too, deeply share your concern about the problems facing the educational community, and that we are going to do our very best to see to it that as much information reaches them so they can continue with their planning, just as quickly as we can give them something rather than speculation.

We will be producing tables just as soon as we have a formula that will deal with the State allocations, and tables that also will deal with the principal counties and other districts' allocations where we can.

FLEXIBILITY UNDER REVENUE SHARING

In answer to your question specifically, though, we are talking in this particular proposal about a set of flexibility that does not currently exist. As you heard Secretary Marland testify last week, that is what we are really trying to achieve through revenue sharing.

Many States will want to continue their program as they always have. Many will want to alter those programs and want to do various other efforts with the funds that are being provided to them by the Federal Government, in the general areas we are talking about.

Mr. SMITH. You are talking as if title I money will be given to the States to distribute.

Dr. OTTINA. No, sir. I was talking about educational revenue sharing as a whole. I did not mean to address title I at all.

It seems to me the point we have been discussing here, the impact of the 1970 census data, makes the situation very difficult for that local school, regardless of whether we take the alternative you suggest or the other alternative, because for many places it represents better than 50-percent population shifts of the children we are talking about.

Mr. SMITH. Of course, in some of these districts, they can only get more if they get additional letters.

Dr. OTTINA. But many can only get letters. There are States that show a large decrease in the title I appropriation.

CONTINUED FUNDING FOR TITLE I, ESEA

Mr. SMITH. Suppose we don't have special revenue sharing. What level are you proposing for title I?

Dr. OTTINA. The Secretary has testified last week, as you may recall, that we are not proposing any level for title I, that we are proposing educational revenue sharing.

Mr. SMITH. If you had not arrived at a conclusion as to what the level would be for title I, how did you know that the difference between the figure for special revenue sharing and the difference for 1972 was mostly made up of three categories?

Dr. OTTINA. Because we in our allocations would have proposed to eliminate funding for these programs themselves.

Mr. SMITH. So you have made some conclusions?

Dr. OTTINA. We have made a conclusion that the programs that we wished to support amounted to the aggregate of the dollars we talked about and as we derived the formula for a particular amount of money that would go into each one of the earmarked categories would be derived.

The formula itself, as I testified earlier, has not been finalized. So I cannot truly answer your question about whether it would be $1.585 million or $1.589 million or any other number.

Mr. SMITH. You are saying it has to be close to that amount?

Dr. OTTINA. Yes, sir. We would attempt to reserve that amount of money, or perhaps even slightly more because that is where our principal thrust has been for many years.

Mr. SMITH. And you make up for it from impact aid, title II, and title V?

Dr. OTTINA. Yes, sir.

Mr. FLOOD. Mr. Robinson?

Mr. ROBINSON. Thank you, Mr. Chairman. I would be glad to follow up the line of question which Mr. Smith has initiated because my questions will go right down that line specifically and particularly as far as Virginia is concerned.

SPECIAL REVENUE SHARING

You tell us that there is no alternative plan to revenue sharing.

Dr. OTTINA. At this time; yes, sir.

Mr. ROBINSON. Incidentally, when I came to these hearings I came here completely sold on the process. You gentlemen have done nothing but disenchant me day by day as we have gone through this series of hearings. I agree completely with what the chairman has indicated earlier, that this hearing is premature because you don't know the answers.

Beyond that, I think that a lot more information has been disseminated to the State administrators of education and commissioners of education than you are prepared to give us right here. I have a list of what Virginia anticipates it will get under the formula that has been discussed at least with item by item and line by line right down to the last dollar.

Dr. OTTINA. Sir, I am sorry, but Virginia——

Mr. ROBINSON. It doesn't agree even as far as what they are getting this year is concerned. It adds up to a net loss to Virginia of $5.9 million in terms of the items that we are talking about from ESEA titles I, II, III, V, and VI: Vocational Aid, Impact Aid, Adult Basic Follow Through, Right to Read, Right to Create Emergency School Systems, and the whole lot. That didn't come out of the clear blue sky, Dr. Ottina.

Dr. OTTINA. Since you said something that is in some sense true and in some sense not, may I clarify what has transpired. Many of the States have asked us for information that said what would happen if you use the old formula for revenue sharing.

Mr. ROBINSON. Isn't that exactly the question we have been asking you around this table time after time and getting no answer whatsoever?

Dr. OTTINA. I don't believe it is.

Mr. ROBINSON. I believe it is.

Dr. OTTINA. I believe what you are asking is what is the administration's proposal for revenue sharing and how would funds that amount to $2.5 billion be distributed? That is the question that I repeatedly said at this particular time we are not able to answer.

If you would like to know what each State received in 1972, what it is receiving in 1973, what the old formula would have done, we would be delighted to provide you with all of those tables. However, that is not necessarily what would be proposed in 1973 in the special revenue sharing educational program.

Mr. ROBINSON. The question has not been what they would receive under the special revenue sharing program in each instance. The question has been asked how you would fare under the old program in terms of the application of the administration's thinking. What is your alternative to revenue sharing? This is your alternative. And you know it as well as I do.

Dr. OTTINA. No, sir; there is no alternative to revenue sharing at this time.

Mr. ROBINSON. That has to be the alternative.

Mr. MILLER. Mr. Robinson, there are three things. There are two we don't know the answers to. The one we do know the answer to is what a State would get under the administration's proposals last year. That is the only one we at this time know the answer to. The two that we do not know the answer to is what will happen if there is no revenue sharing and, what would happen under the administration's current proposals? Those are the two that we have been unable to answer at this time.

Mr. **Robinson.** Incidentally, it's interesting to note that your figure for ESEA title I for Virginia varies from the figure which has been given to me. I don't even know whether the figures that we have in this regard are accurate or not. But this is what disturbs me very much. I think that there has been a good bit of dialog with various States and that there is a lot of information that is available that is not being given to this committee.

The two big things that are before us in terms of philosophy are, one, the elementary and secondary education, which, of course, involves special revenue sharing, and, two, higher education which involves the concept of fully funding BOG's.

REACTION TO BOG PROGRAM

I happen to have a letter here from the president of the largest institution of higher learning in Virginia. It also happens to be my alma mater. There is nothing that he says in the whole letter that reflects anything that is complimentary about BOG. I ask unanimous consent that the letter be placed in the record.

Mr. **Flood.** Without objection, it will be inserted in the record.

[The letter follows:]

VIRGINIA'S LAND-GRANT UNIVERSITY
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
Blacksburg, Virginia 24061
OFFICE OF THE PRESIDENT

February 28, 1973

The Honorable J. Kenneth Robinson
Congress of the United States
House Office Building
Washington, D. C. 20510

Dear Ken:

As you know, we at Virginia Tech and in Virginia higher education have been following with tremendous concern the discussions of the changes in federal support of higher education in the President's proposed budget for fiscal 1974. Recently, I wrote to you expressing our greatest concerns over the drastic reductions proposed in support for agricultural research and instruction.

At this time, I also want to express grave concern over the proposals relating to student financial aid. It is our belief that the proposals for student financial aid will be less effective than existing programs for student assistance. At this point it appears that any absolute cost savings will be relatively small and certainly not great enough to compensate for the loss of effectiveness by displacing present student aid programs.

The backbone of the proposed student aid program consists of funding the new Basic Opportunity Grants Program. Briefly, this program makes students eligible for aid in amounts of up to $1,400 minus their expected family contributions. The grants are limited, however, to half the cost of attending the institution in which a student is enrolled. At present time, the budget message estimates that 1.6 million students will be eligible for BOG's in the first year of operation. In addition to the BOG program, there would be a proposed increased participation in the level of the guaranteed student loan program; the Work-Study Program would be continued at a level of $176.6 million less than the 1972 appropriation. The present Supplemental Opportunity Grants (formerly EOG) Program would be phased out. The direct student loan program (NDSL) would be curtailed as a consequence of the increased reliance on guaranteed student loans.

In testimony concerning the 1972 amendments to the Higher Education Act, the educational community pointed out numerous objections to the BOG concept if it was to be regarded as a replacement for existing programs. Consequently, the 1972 amendments provided that the BOG program would be implemented only when certain of the other aid programs were fully funded. Thus, Congress recognized the inherent value of the existing programs. The programs which were to be fully funded are the Supplemental Opportunity Grants and the NDSL Loan Program and work-study. To cope with this obstacle, the President's budget request proposes that BOG be funded "without regard to Section 411(b)(4) of the Higher Education Act."

There are several disadvantages to the proposed new program despite its apparent simplicity. At present, colleges and universities have a great deal of flexibility in meeting the financial needs of students. College financial aid officers are able to put together a separate "package" of assistance for each qualified student providing varying amounts of direct loan money, scholarship money, work-study opportunities, and guaranteed loan money. Each "package" is tailored to fit the individual student's need and to make best use of the resources at hand. Because there are always more students needing help than can be assisted, the financial aid officer presently is under very healthy pressure to spread the outright grant funds (Supplemental Opportunity Grants and other scholarships) as widely as possible supplementing the outright grants through the two loan programs and the Work-Study Program until the needs of as many students as possible are met.

Under the President's proposal, much of this flexibility will be lost. Each eligible student will receive a Basic Opportunity Grant established according to federal formula without regard to any needs or circumstances that are not included in the formula. Opportunities for supplemental assistance through loans will be lessened. One of the successes of the SOG Program over the years was that it involved minimal red tape.

An even more significant part of the new proposals is elimination of new capital contributions for direct student loans, the National Direct Student Loans (NDSL) made available through the National Defense Education Act. These loans form the backbone of our entire student aid program and give it the flexibility described above. Although the President recommends expanding the guaranteed student loan program through private lending institutions, our most needy students are unable to secure these loans because they have no banking connections. (Most banks require that the student's parents have an account or at least a suitable credit rating before a guaranteed loan will be made.) Such requirements tend to eliminate the availability of such loans for the most impoverished and disadvantaged students. Because the Basic Opportunity Program when fully funded will provide for a maximum of one-half the need of recipients, the most disadvantaged students simply will not be able to obtain the resources which are presently available for their education. Therefore, substitution of increased participation in guaranteed loan programs will not serve as an adequate substitute for the present NDSL program.

Therefore, the present proposals are felt to involve the following consequences. Colleges and universities will lose much flexibility in meeting the financial aids of individual students. Many of our students, particularly those with the greatest cultural and economic disadvantages, will not be able to continue their higher education. Some young people, particularly the most disadvantaged, will be denied college opportunities which are now available to them. This applies in spite of the fact that on the surface the new proposals appear to invest almost as much money in student aid programs.

The Honorable J. Kenneth Robinson
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It is my strong hope and recommendation that you will support not only continuation but also strengthening of current federal student aid programs which have proven to be so effective and successful in lieu of proposed new programs that would appear to be more costly and less effective.

Perhaps it will be possible for us personally to discuss this matter, as well as the proposed reduction and agricultural research and instructional appropriations, in the near future.

With warmest personal regards, I am

Sincerely,

Marshall

T. Marshall Hahn, Jr.
President

TMH:jwd

cc: The Honorable Linwood Holton
Mr. Earl J. Shiflet
Dr. Ralph K. Huitt
Members of the Board of Visitors
Dr. W. J. McKeefery
Mr. S. K. Cassell
Dr. J. W. Dean
Dr. W. E. Lavery
Dr. L. F. Malpass
Dr. J. R. Montgomery
Mr. W. H. Ryland
Mr. L. K. Savage
Mr. W. H. Strother

Mr. **Robinson**. At this time I would like to refer to just a couple of paragraphs.

> At this time, I also want to express grave concern over the proposals relating to student financial aid. It is our belief that the proposals for student financial aid will be less effective than existing programs for student assistance. At this point it appears that any absolute cost savings will be relatively small and certainly not great enough to compensate for the loss of effectiveness by displacing present student aid programs.

Then he goes on as follows several paragraphs later:

DISADVANTAGES OF THE BOG PROGRAM

> There are several disadvantages to the proposed new program despite its apparent simplicity. At present, colleges and universities have a great deal of flexibility in meeting the financial needs of students. College financial aid officers are able to put together a separate package of assistance for each qualified student providing varying amounts of direct loan money, scholarship money, work-study opportunities, and guaranteed loan money. Each package is tailored to fit the individual student's need and to make best use of the resources at hand. Because there are always more students needing help than can be assisted, the financial aid officer presently is under very healthy pressure to spread the outright grant funds (supplemental opportunity grants and other scholarships) as widely as possible supplementing the outright grants through the two loan programs and the work-study program until the needs of as many students as possible are met.

Then he goes on to discuss the difference that the institution of a BOG program would cause.

I had a call today from a student loan officer from another type of institution, a very small one this time. She, in this case being a lady rather than a man handling the office, says she is running into increasing problems with regard to the banks, that they are not interested in GSL's. She says, that they are not going to cooperate, and that, as is mentioned in this letter from President Hahn of VPI, the only way that these students are going to get money is if their parents have money in that bank already and that the cooperation of the private banking institution is being grossly overrated and exaggerated in the presentation that you are making here with regard to this GSL program.

What is your reaction to this? What information do you have from the banking institution that it, indeed, is ready to cooperate?

Dr. **Ottina**. I would first like to comment on the letter that you read from President Hahn from the University of Virginia.

Mr. **Robinson**. This is President Hahn of VPI.

COMMENTS ON LETTER FROM PRESIDENT OF VPI

Dr. **Ottina**. I am sorry. In his statement I think he said two things that I would like to expand a little bit on. The first is that there is not enough student aid money for the number of students who need it, or, paraphrasing that as I recall your reading his letter. What we are proposing in the basic educational opportunity grant program is to provide to the maximum allowed by the law 100 percent of the funds for 100 percent of the students who are eligible. That is why we are so much in favor of the BOG program, first because it does provide a floor which assures $1,400 less the expected family contribution not to exceed one-half cost of attendance for each eligible student.

Second, because while the basic grants program is the floor, the financial aid package designed to meet an individual student's need will include resources from a number of financial assistance programs.

We regard the BOG program as the foundation. It is the base on which the student assistance package may be tailored to the individual student. The student financial aid officer, given this floor, would have at his hands several other elements to add to formulating the student aid package, such as the college work-study program which we are proposing to fund at $250 million, guaranteed loans, and non-Federal scholarships, et cetera. It seems to me that he too acknowledges the idea and concept of packaging, that it's a combination of aid resources which must be tailored to each student. What we are proposing in this budget request is that the initial element be the BOG program. Mr. Muirhead, would you like to comment?

Mr. ROBINSON. Before Mr. Muirhead makes his statement, I can assure you that you are reading things into the letter which you are not going to find when you see the whole letter and that he does not agree with your concept. He does not believe it's going to be of greater assistance than the present plan. It's just that simple.

I would like to get an answer to the question as to what assurance you have that the banking institutions are going to support the program. If it's not good for them, it's not going to be one in which they will cooperate.

Mr. MUIRHEAD. There are two basic points that the record should show. One is that the basic opportunity grant program represents the most dramatic and largest single increase in the whole budget directed toward helping the disadvantaged. For the first time, we have enough money in grants, not in loans but for the first time enough money in grants, to provide a leg up, if you will, to every young person who wants to go on beyond high school. That concept has been applauded and ringingly endorsed by almost every higher education association.

Mr. ROBINSON. I believe we have asked in the past that the names of these associations be placed in the record at the request of Mrs. Green and that we would also want to have those on the record who have opposed it.

Mr. MUIRHEAD. I certainly would be glad to do that.

[The information follows:]

National Association of Student Financial Aid Administrators.
California Association of Student Financial Aid Administrators.
Minnesota Higher Education Coordinating Commission.
C. R. Baird, executive vice president, Kansas State College of Pittsburg, Pittsburg, Kans.
Leland H. Berry, director of financial aid, Manchester College, North Manchester, Ind.
Richard L. Bowen, president, University of South Dakota, Vermillion, S. Dak.
William C. Brown, financial aid director, Rockhurst College, Kansas City, Mo.
Donald W. Click, president, Santa Monica College, Santa Monica, Calif.
John P. Daniluk, director, Office of Student Aid and Placement, Presbyterian College, Clinton, S.C.
Harold C. Doster, dean, Potomac State College of West Virginia University, Keyser, W. Va.
Richard J. Ernst, president, Northern Virginia Community College Annadale, Va.
Sister Louise Grundish, associate director, School of Nursing, Pittsburgh, Pa.
E. J. Hjortedal, financial aid officer, Spokane Falls Community College, Spokane, Wash.
Richard F. Howe, director of financial aid, North Shore Community College, Beverly, Mass.

Frank A. Kleinhenz, president, University of Albuquerque, Albuquerque, N. Mex.
C. Peter Magrath, president, State University of New York, Binghamton, N.Y.
William P. Miller, president, Muskingum College, New Concord, Ohio.
Richard H. Mosier, president, Claremore Junior College, Claremore, Okla.
David P. O'Neill, director of financial aid, American International College, Springfield, Mass.
David E. Phillippe, financial aid director, Vincennes University, Vincennes, Ind.
James T. Pieratt, Jr., financial aid placement officer, Wenatchee Valley College, Wenatchee, Wash.
Marcia Pond, financial aid officer, Connecticut College, New London, Conn.
William P. Rodgers, director of financial aid, University of Alabama, University, Ala.
Jerry Rogers, director, Office of Student Financial Aid, University of Kansas, Lawrence, Kans.
Sigmund A. Smith, president, Broome Community College, Binghamton, N.Y.
Robert Thompson, financial aid officer, Central Arizona College, Coolidge, Ariz.
Jim Valentine, director of student aid, Howard Payne College, Brownwood, Tex.
Harold B. Whiteman, Jr., president, Sweet Briar College, Sweet Briar, Va.
Benjamin R. Wygal, president, Florida Junior College at Jacksonville, Jacksonville, Fla.

The above list was compiled from comments received as a result of the publication of the proposed family contribution schedule in the Federal Register. These comments were supportive of the program in concept although there was some criticism of specific points in the schedule, and some opposition to the timing of the implementation.

BASIC OPPORTUNITY GRANT SUPPORT

Mr. MUIRHEAD. I think it should be made quite clear that the particular combination that we are suggesting—of wholly relying upon basic opportunity grants together with college work-study and loans—that that package has not been endorsed by everyone. There are some institutions and there are some associations who say that you could accomplish your purpose better if you were to support supplementary opportunity grants along with basic opportunity grants.

The fact remains that this budget that this committee has before it is the largest single step forward, if you will, to providing basic grant support for young people from low-income families and that the level that we are requesting in 1974, according to our estimate, will provide assistance to everyone.

Mr. ROBINSON. I would only have to point out to you that there is no record at present in the hearing that indicates that the educators agree.

Mr. MUIRHEAD. We would be very glad to see to it that the record is supplemented with that type of information.

I should also like to point out that, on the matter of the guaranteed loan program, there are undoubtedly and probably always will be areas where banks do not participate in this program very vigorously.

But look at the record that this program, which really did not get its full start until about 1967, and by the end of 1973, $6 billion will have been guaranteed. We are before you now with a proposal to make it more convenient, if you will, for banks to participate in this program.

Mr. ROBINSON. Again, if you have evidence to that effect, I hope you will place it in the record at this point because everything I hear indicates not so much that the banks are worried about the default rate, although they are concerned about this, but that they are concerned about the interminable redtape.

Dr. OTTINA. Mr. Robinson, just so the record will be clear, in fact, to show what it has done would be impossible to do. It will begin showing some effects for the academic year 1973–74.

Mr. Robinson. That is all, Mr. Chairman.

Mr. Flood. Mr. Obey?

Mr. Obey. Mr. Chairman, I believe most of my questions have been covered already in previous questions. I do have a few left.

TIMING OF EDUCATIONAL REVENUE SHARING PROPOSAL

Again I would like to reemphasize what Mr. Smith said before I begin my questions. I find a great many people back home who are sympathetic to the goal of educational revenue sharing provided there is adequate earmarking. I am not so sure I am not myself. But I find almost none who believe that it makes any sense to begin it this year. I certainly don't see any way that we can give enough leadtime to school districts to know what they are going to be doing if we try to pass this revenue-sharing proposal this year. I would think it would make much more sense, as Mr. Smith indicated, to fund the old ESEA programs for at least another year before you try to move into this area.

Mr. Smith asked you what levels you would recommend if we did not pass educational revenue sharing. You indicated that probably you would be recommending something along the amount that was in last year minus or a little more for your title I categorical programs and you would probably be reducing impact aid and title V.

Dr. Ottina. And title II.

STRENGTHENING STATE DEPARTMENTS OF EDUCATION

Mr. Obey. I want to get to title V for a second. That is the strengthening of State departments, isn't it?

Dr. Ottina. That is correct, sir.

Mr. Obey. Why would you not favor continuation of that program if we were going to be moving into educational revenue sharing, say, a year from now rather than this year?

Dr. Ottina. The context of our budget decisions is made within an allocation of funds for the Department, within that for the Office of Education. What we have looked at are programs within the Office of Education which have higher priority or in which we feel the resources could benefit better than the resources in any other particular program.

With regard to title V, title V has had a history of about 7 years in which we have supported the strengthening of State departments of education. They exist. They are functioning. In terms of what they are doing, it seems to us that they are in place and don't presently require additional funds.

We have supported almost $200 million worth from 1965 to 1972 for this appropriation. Mr. Mattheis?

Mr. Mattheis. I think the fundamental part of it is that we have supported them over a period of years and, hopefully, in spending those dollars over a period of years, they have become stronger. I don't know of any department that wouldn't say they are stronger now than when it started.

Mr. Obey. My point is this, I am just looking at this in the context of Mr. Smith's question because if revenue sharing were delayed a year, say, your State departments would be facing quite a large responsibility a year down the road, would they not?

Mr. Mattheis. Yes, I think so.

Mr. Obey. I think Wisconsin employs some 50 or 55 people in our department, to carry out the responsibilities which they have now in Federal programs which means they would have to cut back quite a few people or else take them on board with State funds those people for a 1-year period. Would they not?

Mr. Robinson. Would the gentleman yield on that point?

Mr. Obey. Yes.

Mr. Robinson. I have a statement here from our own State board to this effect:

> The elimination of title V would cripple the State Department of Education of Virginia unless alternate sources of funding were found, since between 20 and 25 percent of the staff are supported under this title. Title V is used almost exclusively for salaries of departments of education personnel.

USE OF SPECIAL REVENUE-SHARING FUNDS FOR STATE ADMINISTRATION

Dr. Ottina. In regard to the special revenue-sharing proposal, we mentioned earlier that as presently envisioned, the State would have the flexibility to use some of the funds that are in special revenue sharing to continue such activities as were provided by title V funds.

The other element that I believe Dr. Marland testified to last week was that many States, through general revenue sharing, had passed through their legislation proposals to use some of those funds to strengthen many of their agencies, including education, and that they have already made commitments to education to use some of those funds for State departments.

Mr. Obey. The reason I am a little bit confused by your position is because last year when the chairman questioned Mr. Mattheis, asking why we were being asked to fund that program again, Mr. Mattheis made a very strong case for the funding of it last year. In fact, he indicated that there were two reasons why we ought to continue it: No. 1, because of the impending switch to revenue sharing and, No. 2, because of the court decisions which would probably require a great deal more activity on the part of State departments.

It seems to me your position this year is a departure from that.

Mr. Mattheis. It might be a modification of it. I think we are saying under educational revenue sharing there are going to be opportunities and under general revenue sharing there are opportunities.

Mr. Obey. That is what you are saying. I am wondering how much there is going to be when, in response to Mr. Smith's question, you say you would recommend eliminating that if we did not go to revenue sharing this year.

Mr. Mattheis. We are not presupposing at all that we are not going to go to revenue sharing this year.

Mr. Obey. I understand you are not, but Mr. Smith asked, if we didn't where would you take the money in order to provide the slightly higher amount Dr. Ottina referred to?

Dr. Ottina. Mr. Obey, in the context that you asked the question, we are not really prepared to answer it. We haven't looked at it in that alternative. You're hypothesizing that there is a year in which we are operating without revenue sharing. All of our budget was formulated on an alternative premise. So that our answers are really faulty.

Mr. OBEY. I understand that. I thought that from that answer I detected less than enthusiastic support for the continuation of this no matter what we go to. I don't think that is healthy. I don't recall where I saw the figures. I thought I had seen them in the President's message on busing last year.

Mr. FLOOD. There is no doubt you sensed the atmosphere.

EXCERPTS FROM THE PRESIDENT'S MESSAGE

Mr. OBEY. Mr. Chairman, at this point I would like to insert in the record, if I could, a couple of paragraphs from the President's message last year which indicated some of the problems which the Federal Government was finding out in terms of the way States were presently enforcing the law.

Mr. FLOOD. Without objection, it will be done.

[The information follows:]

EXCERPTS FROM PRESIDENT'S MESSAGE TO CONGRESS ON EDUCATIONAL OPPORTUNITY AND BUSING, MARCH 17, 1972

What does now seem clear is that while many title I experiments have failed, many others have succeeded substantially and even dramatically; and what also is clear is that without the extra efforts such extra funding would make possible, there is little chance of breaking the cycle of deprivation.

A case can be made that title I has fallen short of expectations, and that in some respects it has failed. In many cases, pupils in the programs funded by it have shown no improvement whatever, and funds have frequently been misused or squandered foolishly. Federal audits of State title I efforts have found instances where naivete, inexperience, confusion, despair, and even clear violations of the law have thwarted the act's effectiveness. In some instances, title I funds have been illegally spent on unauthorized materials and facilities, or used to fund local services other than those intended by the act, such as paying salaries not directly related to the act's purposes.

The most prelevant failing has been the spending of title I funds as general revenue. Out of 40 States audited between 1966 and 1970, 14 were found to have spent title I funds as general revenue.

While there is a great deal yet to be learned about the design of successful compensatory programs, the experience so far does point in one crucial direction: to the importance of providing sufficiently concentrated funding to establish the educational equivalent of a "critical mass," or threshold level. Where funds have been spread too thinly, they have been wasted or dissipated with little to show for their expenditure. Where they have been concentrated, the results have been frequently encouraging and sometimes dramatic.

In a sample of some 10,000 disadvantaged pupils in California, 82 percent of those in projects spending less than $150 extra per pupil showed little or no achievement gain. Of those students in projects spending over $250 extra per pupil, 94 percent gained more than 1 year per year of exposure; 58 percent gained between 1.4 and 1.9 years per year of exposure. Throughout the country States as widely separated as Connecticut and Florida have recognized a correlation between a "critical mass" expenditure and marked effectiveness.

Of late, several important studies have supported the idea of a "critical mass" compensatory expenditure to afford disadvantaged pupils equal educational opportunity. The New York State Commission on the Quality, Cost, and Financing of Elementary and Secondary Education, the National Educational Finance Project, and the President's Commission on School Finance have all cited the importance of such a substantial additional per pupil expendture for disadvantaged pupils.

The program which I propose aims to assure schools with substantial concentrations of poor children of receiving an average $300 compensatory education grant for each child.

In order to encourage voluntary transfers, under circumstances where they would reduce both racial isolation and low-income concentration, any school accepting such transfers would receive the extra $300 allotted for the transferring student plus a bonus payment depending on the proportion of poor children in that school.

One key to the success of this new approach would be the "critical mass" achieved by both increasing and concentrating the funds made available; another would be vigorous administrative followthrough to insure that the funds are used in the intended schools and for the intended purposes.

PER PUPIL EXPENDITURE FOR DISADVANTAGED

Mr. OBEY. How much per pupil do we spend of Federal money in this country for children who find they have been disadvantaged?

Dr. OTTINA. Mr. Mattheis, do you have that number?

Mr. MATTHEIS. It's something over $200 per student. It has been gradually increasing because at first the procedure was to spread it over what some people considered to be too many people. So we built it up from $165 to over $200 now.

Dr. OTTINA. It's about $229. That may be a few dollars off.

Mr. OBEY. I have forgotten what we called the emergency desegregation bill last year, but do you feel that you requested enough under that bill for this year to meet the responsibilities toward youngsters involved?

Dr. OTTINA. In our earlier request we had requested a larger amount. This was last year. The appropriations process reduced that amount to approximately half of what we had requested. As we have looked at what States have thus far done, we have received a number of applications and in many States there was not a single application submitted. So our estimate as of today as the amount that we are requesting is about the right amount in terms of what we see. If there should be some drastically changed event, that amount may be either much too small or much too large. As we see it right now, that appears to be about the correct amount.

Mr. OBEY. The President last year in his message on busing mentioned the advisability or at least his desire to be able to provide an average of at least $300 compensatory education assistance for each child. Evidently from the figures you have given me, you backed off from that somewhat.

Dr. OTTINA. The $300 per child was in the context of the bill that was then being proposed which was an Equal Education Opportunity Act and was not title I as we presently have it.

Mr. OBEY. I understand.

Dr. OTTINA. Nor is the present emergency school aid bill the figures that was stated. We very much still believe that something approaching $300 per child is the type of concentration that is required to make a difference in the disadvantaged sector. So we still very much would believe in something approximating that number.

MORE AID FOR THE DISADVANTAGED

Mr. OBEY. Would it not be implied then that either under the Emergency Education Act or under title I more funds should be requested for the disadvantaged?

Dr. OTTINA. Or perhaps a combination of the two to yield that amount is the way that we would, I believe, prefer to see it go, a combination of the two activities to yield that amount.

Mr. **Obey**. My point is that you are not asking for any more money under title I and you are not asking for any more money under the other act. I don't see where you are responding to your own definition of the need.

Mr. **Miller**. There is another factor at work, Mr. Obey, besides simply the judgments you are making about the need as it was set forth last year for aiding the disadvantaged. That is that it's difficult to go before the Congress and say the $250 billion ceiling is really our No. 1 priority which we must meet.

I think Congress indicated a level which the administration is willing to accept.

Dr. **Ottina**. Would you hold judgment on that question until you look at the education revenue-sharing proposal?

Mr. **Obey**. On a portion of it, yes, but we are talking about both bills.

My question is this: You indicate you are not for wasting much money. The President in his message on busing last year said something which I thought was very much on the button. He said:

> There is a great deal yet to be learned about the design of successful compensatory programs. Experience so far points in one crucial direction, to the importance of providing sufficiently concentrated funds to establish the educational equivalent of a critical mass or threshold level. Where funds have been spread too thinly they have been wasted or dissipated with little to show for their expenditure.

Then he went on:

> Where they have been concentrated, the results have been frequently encouraging and sometimes dramatic.

Then he went on to indicate that in California in a sample of some 10,000 disadvantaged kids, 82 percent of those in projects spending less than $150 extra per pupil showed little or no advance or gain, but of those students in projects spending over $250 extra per pupil, 94 percent gained more than 1 year per year of exposure, 58 percent gained between 1.4 and 1.9 years per year of exposure, and so on.

It just means to me, if those statistics are true, then we are wasting money by not providing more money for the disadvantaged, either title I or under the other bills.

Dr. **Ottina**. Or concentrating that which we have on a fewer number of students.

Mr. **Obey**. That is a possibility.

On another subject, the thrust of your higher education proposal has been to phase out quite a bit of the specialized support, scholarship support, and things like that, and relying instead on general student aid.

TEACHER TRAINING FOR THE HANDICAPPED

What have you done in the way of teacher training for the handicapped, special education-type teachers? What is still left on board under this budget in addition to general student aid?

Mr. **Mattheis.** There is a program retained for the educationally handicapped.

Mr. **Flood.** Provide that for the record.

[The information follows:]

In fiscal year 1972, approximately 4,557 students in training received direct financial support from the BEH/DTP at a cost of $5,000 per student. In fiscal year 1973 it is estimated that approximately 6,200 students in training will obtain direct financial support from the BEH/DTP at a cost of $4,000 per student. Therefore, the bloc grant system, which provides more flexible use of fiscal resources provided by the BEH/DTP than the previous stipend-support grant system, has functioned to prepare more educators of handicapped children at less cost per student. The bloc grant system allows support of faculty and other staff. This procedure operates to provide instruction to many students who do not receive direct financial support from the BEH/DTP funds. For example, of the 6,200 students receiving direct financial support in fiscal year 1973, approximately 4,767 of that number will be employable as of September 1973. In addition, and because of the BEH/DTP efforts, a total of 41,299 teachers of handicapped children will be employable as of September 1973. That is, for every student that receives direct financial support an additional nine students are prepared to function as educators of handicapped children.

In fiscal year 1974, the request for "special education and manpower development"—training of teachers of the handicapped—is $37,700,000.

Dr. **Ottina.** We have proposed in 1973 an increase over 1972 and will sustain the 1973 level for 1974, for special education manpower development, $37.7 million. That is upward over 1972, and continues in 1973 and 1974.

That is one of the areas where we feel there are specific shortages of people.

Mr. **Obey.** Has anything been eliminated?

BUDGET REQUEST FOR EDUCATION OF THE HANDICAPPED

Dr. **Ottina.** Our handicapped efforts have all gone up from 1972 to 1973 and remain constant in 1974 at the 1973 level.

The handicapped is an area in which we have sustained great emphasis.

Mr. **Obey.** Didn't you reduce the money for State grants under that program?

Dr. **Ottina.** The State grants program would come under educational revenue sharing, so the $37.5 million would be shown in that column, sir.

Mr. **Obey.** Mr. Chairman, that is all I have for now. Thank you.

Mr. **Flood.** Thank you very much.

TUESDAY, MARCH 13, 1973.

ELEMENTARY AND SECONDARY EDUCATION

WITNESSES

DUANE J. MATTHEIS, DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS

DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION, DESIGNATE

DR. JOHN H. RODRIGUEZ, ASSOCIATE DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS

ROBERT R. WHEELER, ASSOCIATE COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION

RICHARD L. FAIRLEY, DIRECTOR, DIVISION OF COMPENSATORY EDUCATION

DR. ALBAR A. PENA, ACTING DIRECTOR, DIVISION OF BILINGUAL EDUCATION

ROSEMARY C. WILSON, CHIEF, FOLLOW THROUGH BRANCH, DIVISION OF COMPENSATORY EDUCATION

DR. JOHN W. EVANS, ACTING DEPUTY COMMISSIONER FOR PLANING, EVALUATION, AND MANAGEMENT

JAMES B. ROBERTS, EXECUTIVE OFFICER FOR SCHOOL SYSTEMS

JOE G. KEEN, BUDGET OFFICER

THOMAS McNAMARA, BUDGET ANALYST

CHARLES MILLER, DEPUTY ASSISTANT SECRETARY BUDGET

Object Classification (in thousands of dollars)

	Identification code 09-40-0279-0-1-601	1972 actual	1973 est.	1974 est.
	Personnel compensation:			
11.1	Permanent positions	521		
11.3	Positions other than permanent	86	40	
11.5	Other personnel compensation	4		
	Total personnel compensation	611	40	
12.1	Personnel benefits: Civilian	47		
21.0	Travel and transportation of persons	184	32	
22.0	Transportation of things	2		
23.0	Rent, communications, and utilities	63		
24.0	Printing and reproduction	57		
25.0	Other services	4,675	250	3,000
26.0	Supplies and materials	7	6	
31.0	Equipment	28	2	
33.0	Investments and loans	155		
41.0	Grants, subsidies, and contributions	2,021,704	1,786,563	73,000
99.0	Total obligations	2,027,533	1,786,893	76,000

Personnel Summary

	1972 actual	1973 est.	1974 est.
Total number of permanent positions	47		
Full-time equivalent of other positions	3		
Average paid employment	50		
Employees in permanent positions, end of year	47		
Employees in other positions, end of year	3		
Average GS grade	10.0		
Average GS salary	$16,467		

Program and Financing (in thousands of dollars)

	Identification code 09-40-0279-0-1-601	1972 actual	1973 est.	1974 est.
	Program by activities:			
	1. Educationally deprived children	1,597,443	1,597,500	
	2. Supplementary services	145,967	146,393	
	3. Strengthening State departments of education	32,932	43,000	
	4. Bilingual education	34,902		35,000
	5. Follow through	62,820		41,000
	6. Library resources	89,999		
	7. Equipment and minor remodeling	49,904		
	8. Dropout prevention	9,953		
	9. Planning and evaluation	3,613		
10	Total obligations	2,027,533	1,786,893	76,000
	Financing:			
25	Unobligated balance lapsing	1,271		
40	**Budget authority (appropriation)**	**2,028,804**	**1,786,893**	**76,000**
	Relation of obligations to outlays:			
71	Obligations incurred, net	2,027,533	1,786,893	76,000
72	Obligated balance, start of year	726,579	767,815	691,471
74	Obligated balance, end of year	−767,815	−691,471	−213,555
77	Adjustments in expired accounts	−98,487		
90	Outlays	1,887,810	1,863,237	553,916

Mr. FLOOD. We now have elementary and secondary education. The presentation will be made by Mr. Duane J. Mattheis, the Deputy Commissioner for School Systems.

We have a biographical sketch of you here, Mr. Mattheis, so we will include that.

[The biographical sketch follows:]

Name: Duane J. Mattheis.

Position: Deputy Commissioner for School Systems.

Birthplace and date: Ellendale, N. Dak., October 20, 1927.

Education: University of North Dakota (Ellendale Branch), 1950, B.S. University of Northern Colorado, 1954, M.A. Stanford University, 1971, M.E.A. Graduate study: Mankato State College, 1956; Columbia University, 1962; University of Minnesota, 1963.

Experience:

Present: Deputy Commissioner for School Systems, Office of Education.

1969–71: Stanford University, Graduate study.

1964–69: Commissioner of Education, Minnesota.

1958–64: Owatonna Public Schools, Owatonna, Minn., Superintendent of Schools.

1956–58: Owatonna Junior-Senior High School, Owatonna, Minn., assistant principal.

1954–56: Granite Falls Junior-Senior High Schools, Granite Falls, Minn., principal.

1953–54: LeRoy Junior-Senior Sigh School, LeRoy, Minn., principal, classroom teacher, athletic coach.

1950–53: Granite Falls Junior-Senior High School, Granite Falls, Minn.; classroom teacher of science and mathematics and athletic coach.

Association memberships: National Education Association; American Association of School Administrators; Phi Delta Kappa.

Mr. FLOOD. I see you have a prepared statement. How do you want to handle this?

INTRODUCTION OF WITNESSES

Mr. MATTHEIS. If I may, I would like to introduce, first of all, the group of people I have here with me, and then read the prepared statement.

Mr. FLOOD. Suppose you do that.

Mr. MATTHEIS. Dr. Ottina will be joining us later. He hopes to be with us.

Dr. John Rodriguez, the Associate Deputy Commissioner for School Systems, is sitting in the back of us over on my left.

Robert Wheeler, the Associate Commissioner for Elementary and Systems, is sitting in back of us over on my left.

Mr. Richard Fairley, the Director of the Division of Compensatory Education, in the rear.

Dr. Albar Pena, the Acting Director of the Division of Bilingual Education.

Rosemary Wilson, Chief of the Follow Through Branch.

Dr. John Evans, the Acting Deputy Commissioner for Planning, Evaluation, and Management, is with us as well.

They will participate in the responses.

If I may then go into the prepared statement, Mr. Chairman.

GENERAL STATEMENT

Mr. Chairman and members of the committee, most of the funds previously requested under this appropriation account have been consolidated under the proposed special education revenue sharing for fiscal year 1974. Included in this consolidation were the amounts previously requested for titles I and III of the Elementary and Secondary Education Act.

Under this appropriation account we are requesting $76 million in 1974 for elementary and secondary education to provide support for the bilingual education program, authorized by title VII of the Elementary and Secondary Education Act (ESEA) and the followthrough program, authorized by the Economic Opportunity Act of 1964, a decrease of $16,780,000 from the comparable 1973 level of $92,780,000 for these programs.

BILINGUAL EDUCATION

The bilingual education program is a discretionary grant program which provides funds to local education agencies for projects designed to meet the needs of children who come from environments where the dominant language is other than English and who come from low-income families. This program has grown from a modest program with funding of $7.5 million in 1969 to one for which we are requesting $35 million in 1974. While the request for $35 million in 1974 is approximately the same as the amount requested for 1973, 64 new projects are expected to be funded. The 70 projects which were initially funded in 1969 and have gone through the 5-year cycle will not be funded by title VII, but are expected to be continued by the local education agencies. Therefore, in effect, the bilingual/bicultural program thrust will continue to grow in 1974.

In 1974, the bilingual education program will provide funding for 211 projects serving 143,000 pupils compared with 217 projects serving 111,000 pupils in 1973. In addition to increasing the availability of services to more pupils, emphasis will continue to be placed upon dissemination of project-developed materials in order to accelerate the replication and installation of bilingual education instruction as part of the regular school program.

FOLLOWTHROUGH

The purpose of Followthrough, which is a research, development, and evaluation program, is to develop and validate successful approaches for the education of low-income children in the early elementary grades. Twenty-two approaches which are sponsored by institutions of higher education or educational research laboratories, as well as some approaches developed by local education agencies, are being conducted in 1973 Followthrough projects throughout the country in the school year 1972–73. There is at least one project in every State.

Forty-one million dollars have been requested for Followthrough in 1974. These funds will provide for those children continuing in the program, but will not provide for new entering grade levels. This is consistent with the program's basic purpose as an experimental program to use what is learned from this program to improve education for disadvantaged children in regular school programs. Beginning with fiscal year 1974 funds, no new classes will be started. This policy will lead to a phaseout of the program by June 1977.

The national longitudinal evaluation will continue to study the impart of Followthrough approaches upon students, parents, and institutions to coincide with the purposes stated above.

Thank you, Mr. Chairman. My associates and I will be happy to answer any questions you may have.

ELEMENTARY AND SECONDARY EDUCATION PROGRAMS NOT INCLUDED IN REVENUE SHARING

Mr. FLOOD. You are asking for $76 million in this appropriation. That is a decrease of nearly $1.8 billion from the 1973 estimate. You attribute most of this decrease to the consolidation of these programs under educational revenue sharing.

Why did you not propose just dropping the thing entirely from the budget? The only programs left, you transferred from other appropriations.

Mr. MATTHEIS. These are different programs from those that have been consolidated in the proposal for the education revenue-sharing package.

Mr. FLOOD. What are you trying to prove here?

Mr. MATTHEIS. These programs are, by and large, a demonstration or research type of program. That is the fundamental reason for their continuation.

Follow Through specifically is a research program which has a beginning and an end to it, and would not fit into the mode of education revenue-sharing consolidation package proposal.

Mr. FLOOD. You do not want to come up here with egg all over your face and say we will do this, and you tossed $76 million in here to shut up that committee or Flood or somebody for the time being?

Mr. MATTHEIS. The purpose, Mr. Chairman, is that they are really different programs. The packages put into the revenue-sharing program are service programs throughout the country.

In title I, for instance, nearly every school district is involved for the education of the disadvantaged. That program is a nationwide program with many school districts involved.

In the Follow Through and bilingual programs, in research demonstrations, few districts are involved. They really would not fit the concept of the education revenue-sharing programs.

Mr. FLOOD. Here is this big elementary and secondary education program that we hear so much about, $1.8 billion. You come up here and with that title in the budget presentation, there still are the magic words, "Elementary and Secondary Education." That is not so bad. There it is. It is still there. You did not tear out the page.

Mr. MATTHEIS. Mr. Chairman, the educational revenue-sharing package is literally elementary and secondary.

Mr. FLOOD. That is the special revenue sharing?

Mr. MATTHEIS. The special education revenue-sharing program.

Mr. FLOOD. Those are the magic words we are using now, special revenue sharing.

You did the best you could with it. My compliments.

Mr. MATTHEIS. I should insert one difference. The revenue-sharing program is the consolidation of what we would term State formula programs, while the Follow Through and bilingual programs are discretionary grant programs.

I began by pointing out the difference between being involved with many districts versus a few.

Mr. **Flood.** Very few.

IMPROVEMENTS IN TITLE I, ESEA

For years and years we have been hearing criticisms of the title I program, and for the same number of years and years we have been hearing about the improvements that you have been making in the program.

Sitting in that very chair and surrounded by your assistants, you have been putting on quite a show here to show us the improvements you were making in this program that everybody was crying about.

You had such improvements as concentrating funds on the poor children. Do you remember? We spent quite sometime on that.

Then another big one was requiring comparability.

Then the fiscal people came in and you were tightening up the management of the program. You were going to show us you are tightening up the management—no froth on this thing. This is a real pro job, tightening this thing up.

Your justifications, page 12, clearly give the impression that title I is now achieving success. After everybody, and especially you people, have worked so very hard and so very effectively, you insist, to improve this program, how do you put that kind of story together?

If you saw that in the movies, you would walk out?

Mr. **Mattheis.** The intent, Mr. Chairman, is not to diminish in any way the Federal commitment for the education of the disadvantaged. The program changes that we have in mind with the special education revenue sharing call for a different way of getting at that problem, which is a continuing one.

Yes, we think we have made improvements in management through our technical assistance programs, through providing documents for States and local education agencies.

Mr. **Flood.** That is what I said you said, and you did.

Mr. **Mattheis.** We have done that.

Mr. **Flood.** Yes.

Mr. **Mattheis.** Comparability is provided.

Mr. **Flood.** You have been great, and now you want to cut it out.

Mr. **Mattheis.** No; we do not want to cut it out.

Mr. **Flood.** Well, terminate.

Mr. **Mattheis.** Under special education revenue sharing, the States and the local districts will have a greater amount of discretion based upon the path that they have trod in this program to improve it.

Mr. **Flood.** I am talking about your shop and you. You are the people who gave birth to this. You nursed it along. You went all through its preschool education. Then you went through its elementary and secondary education. Now you say, "Out." You do not even give it a degree, not even an honorary degree.

Mr. **Mattheis.** Mr. Chairman, the special education revenue sharing might be interpreted to be just that.

Mr. **Flood.** Might be?

Mr. **Mattheis.** We are changing it from a very heavily federally directed program to one that would receive great direction, responsibility, and discretion at the State and local level.

The change is in the implementation of a Federal concern for the education of the disadvantaged. It is not an abandonment of them.

Mr. FLOOD. Funny thing, I never heard that until a couple of months ago. During all these years of justification and defense against this and that, now you wake up one Sunday morning and back to the provinces, back to the sticks. Nobody ever mentioned it before.

Mr. MATTHEIS. I think it was being mentioned. I think it was being mentioned by local and State school officials in recent years.

Mr. FLOOD. I am talking about you.

Mr. MATTHEIS. This is a program that has, in our judgment, reached a degree of maturity now which logically can call for a change in the way it is operated.

Mr. FLOOD. But there was never a hint about this. Nobody ever slipped me a note under the table. No little birdie went by my office desk, as they usually do, and said, "Let me give you a tip. On Thursday, Dr. Joe Zilch will be here, and he will say all this is for the birds. Send it back." Not a whisper. What is the matter with my spies?

Mr. MATTHEIS. Mr. Chairman, we have been talking about this.

Mr. FLOOD. All of a sudden, back to the districts and States.

Did somebody pull this out of a hat?

Mr. MATTHEIS. Mr. Chairman, the special education revenue sharing has been very much in the forefront, and has been talked about since 1971.

COMPENSATORY EDUCATION

Mr. FLOOD. Does the proposed termination of title I suggest that compensatory education is not a good approach to educating the poor?

Mr. MATTHEIS. I think one of the things we are saying, Mr. Chairman, is that the education of the poor is not something that one can derive a national solution to. The education of the poor——

Mr. FLOOD. But you went on here, like Tennyson's brook, to show us that this is the way to do it. "The poor must be educated. Compensatory education is it. We want so many million dollars to do it. It is a tough problem, but we know how to do it. It is compensatory education. You give us the money and we will do it."

Now you tell us that is not so, the next time you appear here.

I am an old trial lawyer. If you were before a jury, do you think this would show your credibility?

Mr. MATTHEIS. I do not think anyone has been saying, Mr. Chairman——

Mr. FLOOD. Put on my mustache and sit here, what would you think?

Mr. MATTHEIS. We really are not saying that the Federal authority, the Office of Education, has all the answers to these educational problems throughout the country. As a matter of fact, we are increasingly encouraged by the ideas that State education departments and local school districts have been putting into educational programs for the disadvantaged.

Mr. FLOOD. I do not doubt that. Why this deep, dark secret of not unmasking these discoveries to these peasants who have sat over here on the Appropriations Subcommittee for the last several years?

PRIOR REFERENCE TO REVENUE SHARING

Mr. **Mattheis**. I would only say, Mr. Chairman, that we would hope it is not interpreted to be that. We have talked about education revenue sharing for a number of years now.

Mr. **Flood**. Where?

Mr. **Mattheis**. As we indicated yesterday in the testimony, the testimony was taken a year ago in the Senate committee.

Mr. **Flood**. Where?

Mr. **Mattheis**. In the other body.

Mr. **Flood**. Oh.

Mr. **Mattheis**. There have been meetings. We have been conversing with educational constituencies across the country with regard to revenue sharing.

Mr. **Flood**. You finally get around to us this year.

Dr. **Ottina**. It is my recollection of the Appropriations hearings that your distinguished committee held 2 years ago, in 1971, that the topic was presented to your committee at that time, and subsequently in the justification for 1972 and 1973.

Mr. **Flood**. The introduction was like a pony at a horse show, on and off. I remember. Not the main ring.

TITLE I, ESEA FUNDING IN 1973

We have all these complaints coming in from the States about the cutbacks in title I funds for fiscal year 1973. We would like to know a few things.

First, the total amount that will be allocated under title I for fiscal year 1973. That is a budget figure. You may put that in the record.

Mr. **Mattheis**. We would have to include that along with information with regard to the continuing resolution.

Mr. **Miller**. I believe the correct figure is $1.585 billion.

Mr. **Michel**. Is that your level of spending?

Mr. **Miller**. That will probably be the level of spending. That is the level in the President's revised budget.

Mr. **Flood**. Is the "the floor provision" being used?

Mr. **Miller**. Are you talking about 1973?

Mr. **Flood**. Yes.

Mr. **Miller**. No, it is not, Mr. Chairman, because it is not contained in the House bill as it stood on July 1, nor was it contained in the fiscal year 1972 appropriation.

Mr. **Flood**. The 1972 appropriation? Surely it was in there.

Mr. **Miller**. But the floor provision is not contained in the House bill for 1973 as it stood on June 30, 1972.

Mr. **Flood**. I know. But, you see, this is the Congress. Even the doctor here indicated that he testified before the Congress. It was in the Senate bill.

Mr. **Miller**. That is right.

Mr. **Flood**. Upon occasion, we work with the Senate.

Mr. **Miller.** Unfortunately, I think the interpretation of the continuing resolution is that you take the more restrictive of the two bills.

Mr. **Flood.** Is it?

Mr. **Miller.** I think, in a sense, on language we cannot assume point of order language is in effect when it was not in one of the bills.

Mr. **Flood.** Are the State agency programs fully funded? If not, how much will they get?

Mr. **Mattheis.** Title I of the Elementary and Secondary Education Act is called for in the proposal on special education revenue sharing for fiscal year 1974.

Mr. **Flood.** How about 1973?

Mr. **Mattheis.** For fiscal 1974.

Mr. **Flood.** We are still talking about the State agencies. We are still talking about title I. We are still talking about 1973. Are they fully funded? If not fully funded, how much will they get?

Mr. **Mattheis.** The 1973 estimate for State administration under title I is entered as $17,125,900.

Dr. **Ottina.** I think we talking about title I and title V.

Mr. **Mattheis.** Title I.

Mr. **Flood.** For grants to States in 1973 you had $14,416,529. Are you going to spend it?

Mr. **Miller.** We are going to spend it, Mr. Chairman. As I understand, here again we are involved with a language problem in connection with the continuing resolution. I believe we have no basis spending in accordance with special appropriation language. We will have to fund the State agencies first at a higher level than shown in the 1973 appropriation.

USE OF 1970 CENSUS

Mr. **Flood.** Are you using the census data for 1970?

Mr. **Mattheis.** No, we are not.

STRENGTHENING STATE DEPARTMENTS OF EDUCATION

Mr. **Flood.** States are to have a major role under the special education revenue sharing. The States will have charge of this.

That being so, why don't you retain the program which is entitled "Strengthening State Departments of Education," rather than eliminating it? It would occur to me if the States are so good, and so on, the one program by its very title that you would retain, and not eliminate, is a program which is described as "Strengthening State Departments of Education." Doesn't that follow, QED, somehow?

Mr. **Mattheis.** We would not want in any way to indicate we would see a diminution——

Mr. **Flood.** You are eliminating it.

Mr. **Mattheis** [continuing]. Of the responsibility of the State departments of education. We would say, however, we would expect to have a provision for State administrative responsibilities——

Mr. **Flood.** You would expect to have? But here it is.

Mr. **Mattheis** [continuing]. In the education revenue-sharing package. That gets into the specifications of that piece of legislation which we discussed yesterday.

Mr. **Flood**. Which nobody has seen yet.

Mr. **Mattheis**. It should be before this body, the Congress, in the next few days.

Mr. **Flood**. Next few what?

Mr. **Mattheis**. I think Mr. Miller made a promise of next week on that yesterday. That would be a part of the specifications of the legislation.

BILINGUAL EDUCATION

Mr. **Flood**. Your justification states there are 5 million children in the United States who are in need of bilingual education. I was raised in St. Augustine, Fla. I was taught Spanish before I was taught English.

We have a budget request for $35 million. That will serve 143,000 pupils.

What happens to the rest of the 5 million children? Should the Federal Government have a larger share in this program? We provide money for 143,000, and that's that. What do the rest of them do—talk to their grandmother or their grandfather? That is what I did.

Mr. **Mattheis**. I think it is a debatable point as to the amount of the Federal role. Our role is one of development and dissemination of programs of curricular materials. In the final analysis, just as in all other elementary and secondary education, the overwhelming majority of the responsibility lies with the State and local school districts.

As a matter of fact, it is encouraging that in the last few years we have had States like Massachusetts pass laws which will mandate that bilingual programs be provided to children who do not speak English. States like California are passing special legislative programs to facilitate the development of bilingual programs in that State. This is encouraging, and it is happening in more States and school districts.

So, our role is primarily the development of curricular materials, of showing States and school districts how to do things in bilingual and bicultural education, how to do it, and then have them pick up the major ones where we have proven the materials to be sound.

Mr. **Flood**. How will you pick the 143,000? One in each district, or what?

Mr. **Mattheis**. Those are picked simply by projects that are submitted in discretionary fashion across the country.

Just to reiterate what we mentioned yesterday, as the program began, the greatest population centers happened to be in the southwestern part of the country, and that is where the first programs were.

Now, in the last 2 years, we have, I think, successfully dispersed the program throughout the country, so we have sizable numbers of projects in the New England area, and in New York City in particular.

Mr. **Flood**. I have been mixed up with a lot of Latin American affairs. I was chairman of a subcommittee in 1945 on Latin American affairs. I went to the United Nations in San Francisco which gave birth to it. I got mixed up with Panama and Cuba, as you probably know.

I said, "What about the northeastern part of the United States? You know how many Latinos we have in this part of the country. Do you know how many went to Chicago in the past year? What about the rest of the country? This is not just for the second biggest State in the Union. What about the rest of the country?"

Mr. MATTHEIS. Precisely. We have made very great strides in that regard.

Mr. FLOOD. I know you have.

Mr. MATTHEIS. Including New Jersey, which has a very large segment of students to be served by these programs.

FOLLOW THROUGH PROGRAM

Mr. FLOOD. In the budget, you propose to phase out follow through beginning in 1974. Your justifications for this proposal are that Follow Through's basic purpose as an experimental program has now been achieved.

How do you know it has been achieved?

Mr. MATTHEIS. "Will be achieved" is the more accurate phrase. Actually, the research activity is such that we are just beginning now to get really concrete research evidence from youngsters who have been in the program for a period of years. The last group of children in the program will finish third grade in the school year 1976–77. It takes that length of time to study them, either 3 or 4 years to identify and prove conclusively whether anything, good or bad, happened in the research program.

Mr. FLOOD. We certainly are a prize collection of suckers over here. We got carried away by your eloquence over the last several years.

Submit for the record your evaluation of this program.

Mr. MATTHEIS. We will submit it to the point that we have it at this time, Mr. Chairman.

Mr. FLOOD. You do not have a crystal ball. Even I know that.

Mr. MATTHEIS. This is not the final evaluation of it, obviously. This is just really a first, preliminary report of it. Each succeeding year now, as the children move through the program, research evidence should be more conclusive, one way or the other, and we will be happy to submit what we have now.

[The information follows:]

EVALUATION OF FOLLOW THROUGH PROGRAM

The national Follow Through evaluation will compare the effects of 11 models for education in the early elementary years. The 11 models have representatives from a variety of schools of thought: behaviorals proponents of clientele development, and proponents of the British infant school, et cetera. These models are implemented by sponsors in various sites throughout the United States.

The design is longitudinal; children are tested when they enter kindergarten. They are tested again 4 years later when they exit the program in the third grade. (Intermediate testing is being done on a small scale with the class entering in 1971 and 1972).

Four major studies are being done:

(1) The Follow Through/non-Follow Through study compares children in Follow Through, regardless of sponsor, with comparison title I schools. The data for this study will be collected in the spring of 1973.

(2) The first sponsor comparison study will be completed in the spring of 1974. This will provide us with a large sample for reporting the relative effectiveness of the models in providing for the educational needs of disadvantaged children.

(3) Sponsor-sponsor comparison study year by year. This study is based on the class that entered in the fall of 1971. The children were tested upon entry and are now being tested at the end of each school year. Data is currently being reported on this class after the kindergarten year in Follow Through.

(4) The implementation study is a small study designed to see the length of time required to successfully implement a Follow Through type program. The following chart shows the key data collection periods for the studies and the corresponding reporting dates.

As can be seen from the chart at this time all findings are preliminary. The trends they indicate may or may not hold up as data accumulates. Moreover, no judgments have been made about the magnitude of the effects in terms of educational significance although some comparisons are noted to be statistically significant. With the caveats, the findings include: (1) Follow Through's effect improves with each succeeding entering class. The entry class was doing better at the end of kindergarten than the entry class of 1970. The entry class of 1970 was performing better than the entry class of 1967, (2) the class entering in the fall of 1971 was given a thorough testing in the spring, 1972. This is the strongest sample yet analyzed in Follow Through. It is noteworthy that the Follow Through children exceed the National metropolitan achievement test.

NORMS AT THE END OF THE KINDERGARTEN YEAR

	Reading percentile	Numbers percentiles
National norms	50	50
Follow through	54	54

(3) It has also been observed that those models which strongly emphasize achievement show the greatest short-term effects on achievement.

A summary of preliminary effects on student achievement is given in the following table.

The teachers and aides in Follow Through receive yearly questionnaires. The data from each entering class favors Follow Through in the sense that teachers show substantially greater approval of their teaching methods, satisfaction with working conditions, and use of adult assistants than do non-Follow Through teachers.

A sample of parents in Follow Through receive intensive personal interviews. The data from this interview indicate that parents of Follow Through children show:

(1) Greater involvement in school
(2) Greater interest in their children's education
(3) Greater satisfaction with their children's progressive school
(4) More sense of control than do parents of the non-Follow Through comparison group.

Class Entering	Study	Data Collection Periods in the Evaluation					Reporting Dates
		Sp. 72	Sp 73	SP 74	SP 75	Sp 76	
1969	FT/NFT		3rd Grade				January 1974
1970	Sponsor Comparison Study - End of Third Grade			3rd Grade			January 1975
1971	Sponsor Comparison Study: Year by Year	Kindergarten	1st Grade	2nd Grade	3rd Grade		January 1973 January 1974 January 1975 January 1976
1972	Implementation Study		Kindergarten	1st Grade	2nd Grade	3rd Grade	January 1974 January 1975 January 1976 January 1977

Summary on One-Year Effects for the Class Starting in Fall 1971

Number of Models

Test	FT[*] exceeded NFT	NFT exceeded FT	FT exceeded NFT with statistical significance	NFT exceeded FT with statistical significance
MAT[**] Word Analysis	6	5	2	1
MAT Reading	9	2	3	0
MAT Numbers	5	6	3	1
Wide Range Achievement Test	9	2	2	1

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[*] FT=Follow Through; NFT=Non-Follow Through Comparison Schools

[**] Metropolitan Achievement Test

CONTINUING EXISTING ELEMENTARY AND SECONDARY EDUCATION PROGRAMS

Mr. **Flood.** In the event that special education revenue sharing is not enacted for fiscal year 1974, submit for the record some appropriate language and a table showing the amounts that would be required to continue the elementary and secondary education program. We want that information for the 1972 level and what you have presently planned for 1973. That, of course, is in the event that this special education revenue sharing program is not enacted for 1974, just in case.

Mr. **Miller.** Let me deal with those words "presently planned," because they are tough on us, Mr. Chairman. We will give you the figures which we have shown you on the various charts, which are the amounts of money which we have used to derive the figure for revenue sharing under each of the categories, but we do not want that to be interpreted as any kind of proposal or plan. We simply show you how we computed the revenue sharing.

Mr. **Flood.** I know, but I want you to show us what is presently planned for 1973. And then, of course, 1972. Just in case you do not get this magic wand.

Mr. **Shriver.** Would that be less for some schools than in 1972?

Mr. **Miller.** For 1973? Yes, it would.

Mr. **Shriver.** I think we ought to have it the way it was handled by the Congress as disclosed in the colloquy with Mr. Perkins and Mr. Mahon when we had the continuing resolution before the House of Representatives on February 21, 1973.

Mr **Flood.** Mr. Perkins asked a series of questions on the floor concerning the continuing resolution.

Mr. **Miller.** We will give you three columns.

[The information follows:]

Insert Page 2083

Appropriation Estimate

ELEMENTARY AND SECONDARY EDUCATION

For carrying out, to the extent not otherwise provided, title I ($1,810,000,000), title III ($171,393,000), and title V, parts A and C ($53,000,000), of the Elementary and Secondary Education Act, $2,034,393,000: *Provided*, That the aggregate amounts made available to each State under title I-A for grants to local education agencies within that State shall not be less than such amounts as were made available for that purpose for fiscal year 1972.

Comparable Amounts to Continue Elementary and Secondary Education Activities

	1972 1/ Appropriation	1973 Administration Revised Request	1973 Congressional Estimate 2/
Elementary and Secondary Education			
Educationally deprived children......................	$1,597,500,000	$1,585,185,000	$1,810,000,000
Supplementary services.....................	146,393,000	146,393,000	171,393,000
Strengthening State departments of education.....	33,000,000	38,000,000	53,000,000
Equipment and minor remodeling...................	50,000,000	1,500,000	---
Total	$1,826,893,000	$1,771,078,000	$2,034,393,000

1/ The 1972 figure in order to be comparable to the revised 1973 request and the Congressional estimate excludes $90,000,000 for library services; $10,000,000 for dropout prevention; $35,000,000 for bilingual education; $63,086,000 for Follow Through; and $3,825,000 for Planning and evaluation.

2/ The figures shown as the 1973 Congressional estimate reflect the vetoed bill for 1973 and the colloquy between Mr. Mahon and Mr. Perkins on Pg. H1016 of the Congressional Record of February 21, 1973.

STATE EFFORTS

Mr. **Flood**. Mr. Michel.

Mr. **Michel**. Thank you, Mr. Chairman. Dr. Ottina, last year we had some discussion of increased efforts by the States in the whole education area, and I cited the progress in my home State of Illinois.

On pages 57-60 of part 2 of the hearings, we were provided with some comparative data on State and local education expenditures.

Would you update that information?

[The information follows:]

Insert page 2084

Expenditures of State and Local Governments for Education: United States Total and Selected States 1966-67, 1969-70, and 1970-71

(In millions of dollars)

State and Year	Expenditures for Education					
			Local Schools			
	Total	Other Than Capital Outlay	Total	Other Than Capital Outlay	Institutions of Higher Education	Other Education
1	2	3	4	5	6	7
United States Total:						
1966-67......	38,233.2	31,554.0	28,065.8	23,980.0	8,810.1	1,356.7
1969-70......	52,717.8	45,097.2	37,460.9	32,802.9	12,924.4	2,332.5
1970-71......	59,412.7	51,298.3	41,766.2	36,921.1	14,785.0	2,861.5
California:						
1966-67......	4,634.1	3,954.7	3,445.9	2,990.6	1,099.0	89.2
1969-70......	5,711.3	5,157.9	4,113.7	3,796.5	1,474.1	123.5
1970-71......	6,252.1	5,754.4	4,460.1	4,187.3	1,652.4	139.5
Florida:						
1966-67......	971.6	816.4	738.4	643.6	204.0	29.2
1969-70......	1,554.6	1,339.6	1,166.0	1,003.7	325.5	63.0
1970-71......	1,773.5	1,521.7	1,300.5	1,114.1	396.1	76.8
Illinois:						
1966-67......	1,861.9	1,554.5	1,403.2	1,208.0	407.0	51.7
1969-70......	2,875.3	2,456.7	2,026.7	1,787.1	749.0	99.5
1970-71......	3,326.3	2,861.1	2,351.0	2,068.4	837.9	137.4
New York:						
1966-67......	4,099.9	3,384.0	3,204.5	2,812.8	686.0	209.5
1969-70......	5,576.3	4,821.9	4,295.7	3,855.2	925.9	354.8
1970-71......	6,543.1	5,625.1	4,870.1	4,415.5	1,198.6	474.4
Ohio:						
1966-67......	1,761.3	1,411.5	1,337.1	1,116.3	404.0	20.2
1969-70......	2,380.6	2,056.9	1,730.9	1,533.6	607.9	41.8
1970-71......	2,622.6	2,331.0	1,874.9	1,691.5	677.7	70.0
Texas:						
1966-67......	1,872.2	1,470.6	1,410.9	1,142.9	435.2	26.1
1969-70......	2,444.4	2,081.4	1,747.4	1,517.8	643.2	53.8
1970-71......	2,826.9	2,444.3	2,027.6	1,782.2	729.3	69.9

NOTE: Because of rounding, detail may not add to totals. The figures include estimates for local governments.

SOURCES: Governmental Finances in 1966-67, Governmental Finances in 1969-70, and Governmental Finances in 1970-71.

Insert Page 2084

Percentage Increase in Expenditures of State and Local Governments for Education: United States Total and Selected States, 1966-67 to 1970-71 and 1969-70 to 1970-71

State and Time Span	Expenditures for Education		
	Total	Local Schools	Institutions of Higher Education
United States total:			
1966-67 to 1970-71	55.3	48.8	67.8
1969-70 to 1970-71	12.6	11.4	14.3
California:			
1966-67 to 1970-71	34.9	29.4	50.4
1969-70 to 1970-71	9.4	8.4	12.0
Florida:			
1966-67 to 1970-71	82.5	76.1	94.1
1969-70 to 1970-71	14.0	11.5	21.6
Illinois:			
1966-67 to 1970-71	78.6	67.5	105.9
1969-70 to 1970-71	15.6	16.0	11.9
New York:			
1966-67 to 1970-71	59.5	51.9	74.7
1969-70 to 1970-71	17.3	13.3	29.4
Ohio:			
1966-67 to 1970-71	48.9	40.2	67.7
1969-70 to 1970-71	10.1	8.3	11.4
Texas:			
1966-67 to 1970-71	50.9	43.7	67.5
1969-70 to 1970-71	15.6	16.0	13.3

SOURCE: Colums 2, 4, and 6 of preceding table ("Expenditures of State and Local Governments for Education").

Number of Public School Instruction Rooms Completed, 1968-69 to 1970-71, and Number Available, Fall 1970: United States Total and Selected States

State	Instruction Rooms Completed			Instruction Rooms Available, Fall 1971
	1968-69	1969-70	1970-71	
United States Total 1/	69,700	66,100	65,300	1,918,000
California......... .	5,000	4,000	2/	174,900 3/
Florida....	2,410	2,815	2,529	53,517
Illinois.............	2,594	2,100	1,900	101,800
New York.............	6,400	4,221	5,110	143,743
Ohio.................	3,367	2/	2/	93,028 4/
Texas................	2,736	2,854	2,092	118,644 3/

1/ Includes estimates for the nonreporting States.
2/ Data not available.
3/ Data for Fall 1970
4/ Data for Fall 1969

SOURCE: Fall Statistics of Public Schools, 1969, 1970, and 1971

Mr. Michel. Dr. Ottina, will you provide for the record an update of the information on pages 74 to 82 of last year's hearing regarding enrollment and expenditures in education, and also update the tables found on pages 83, 84, and 85, as well.

[The information follows:]

Insert Page 2085

Number of Institutions of Higher Education Added to the Office of Education Universe: United States Total and Selected States Fall 1968 to Fall 1972

	Total	Public		Private	
		4-year	2-year	4-year	2-year
United States Total:					
(1968-1972)	232	26	140	49	17
1968	40	3	29	5	3
1969	45	1	34	7	3
1970	30	6	18	5	1
1971	31	5	21	4	1
1972	86	11	38	28	9
Selected States:					
California					
(1968-1972)	19	1	7	8	3
1968	1	--	1	--	--
1969	5	--	4	--	1
1970	2	1	1	--	--
1971	2	--	1	1	--
1972	9	--	--	7	2
Florida					
(1968-1972)	4	1	1	2	--
1968	2	1	1	--	--
1969	1	--	--	1	--
1970	--	--	--	--	--
1971	--	--	--	--	--
1972	1	--	--	1	--
Illinois					
(1968-1972)	13	2	9	2	--
1968	6	--	6	--	--
1969	2	--	2	--	--
1970	1	1	--	--	--
1971	2	1	--	1	--
1972	2	--	1	1	--
New York					
(1968-1972)	19	5	7	6	1
1968	5	1	2	2	--
1969	3	--	3	--	--
1970	2	1	1	--	--
1971	3	1	1	1	--
1972	6	2	--	3	1

	Total	Public 4-year	Public 2-year	Private 4-year	Private 2-year
Ohio					
(1968-1972).........	10	1	5	2	2
1968.............	2	--	--	1	1
1969.............	2	1	1	--	--
1970.............	--	--	--	--	--
1971.............	1	--	1	--	--
1972.............	5	--	3	1	1
Texas					
(1968-1972).........	10	1	7	2	--
1968.............	1	--	1	--	--
1969.............	1	--	1	--	--
1970.............	2	--	2	--	--
1971.............	1	--	1	--	--
1972.............	5	1	2	2	--

Table A --Enrollment in grades K-8 and 9-12 of regular day schools, by institutional control: United States, fall 1961 to 1981 1/

[In thousands]

Year (fall)	Total public and nonpublic			Public			Nonpublic (estimated) 2/		
	K-12	K-8	9-12	K-12	K-8 3/	9-12 3/	K-12	K-8	9-12 4/
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1961	43,164	32,695	10,469	37,464	28,095	9,369	5,700	4,600	5/ 1,100
1962	44,849	33,537	11,312	38,749	28,637	10,112	6,100	4,900	1,200
1963	46,487	34,304	12,183	40,187	29,304	10,883	6,300	5,000	5/ 1,300
1964	47,716	35,025	12,691	41,416	30,025	11,391	6,300	5,000	5/ 1,300
1965	48,473	35,463	13,010	42,173	30,563	11,610	6,300	5/ 4,900	5/ 1,400
1966	49,239	35,945	13,294	43,039	31,145	11,894	6,200	4,800	1,400
1967	49,891	36,241	13,650	43,891	31,641	12,250	6,000	4,600	1,400
1968	50,744	36,626	14,118	44,944	32,226	12,718	5,800	5/ 4,400	5/ 1,400
1969	51,119	36,797	14,322	45,619	32,597	13,022	5,500	4,200	1,300
1970	51,309	36,677	14,632	45,909	32,577	13,332	5,400	6/ 4,100	6/ 1,300
1971	51,281	36,165	15,116	46,081	32,265	13,816	5,200	3,900	1,300
PROJECTED 7/									
1972	51,100	35,600	15,400	46,000	31,800	14,100	5,100	3,800	1,300
1973	50,700	35,000	15,700	45,700	31,300	14,400	5,000	3,700	1,300
1974	50,300	34,400	15,900	45,400	30,800	14,600	4,900	3,600	1,300
1975	49,800	33,800	16,000	45,100	30,400	14,700	4,700	3,400	1,300
1976	49,400	33,400	16,000	44,800	30,100	14,700	4,600	3,300	1,300
1977	49,200	33,300	15,900	44,700	30,100	14,600	4,500	3,200	1,300
1978	49,100	33,400	15,700	44,700	30,300	14,400	4,400	3,100	1,300
1979	49,100	33,800	15,300	44,800	30,800	14,000	4,300	3,000	1,300
1980	49,300	34,500	14,800	45,000	31,500	13,500	4,300	3,000	1,300
1981	49,800	35,500	14,300	45,500	32,500	13,000	4,300	3,000	1,300

Footnotes to table A.

1/ Does not include independent nursery schools and kindergartens, residential schools for exceptional children, subcollegiate departments of institutions of higher education, Federal schools for Indians, federally operated schools on Federal installations, and other schools not in the regular school system.

2/ Estimated unless otherwise noted. Estimates for years prior to 1965 revised in spring 1968 on basis of 1965 Office of Education survey.

3/ Fall enrollment in public schools not reported by grade in 1961; grade breakdown for 1961 estimated from school year enrollment.

4/ Includes some pupils enrolled in grades 7 and 8 of nonpublic secondary schools in 1965 through 1968.

5/ Reported data from Office of Education surveys.

6/ Estimates are based on reported data from the Office of Education and the National Catholic Education Association.

7/ The projection of fall enrollment in regular day schools is based on the following assumptions: (1) Enrollment rates of the 5- and 6-year-old population in public school kindergarten and grade 1 will follow the 1961-1971 trends; (2) The public school enrollment in grade 7 in a given year t will exceed the public school enrollment in grade 6 in year t-1 by 3.3 percent of the projected enrollment in grades K-8 in Catholic elementary schools in year t-1; (3) The public school enrollment in grade 9 in year t will exceed the public school enrollment in grade 8 in year t-1 by 5.3 percent of the projected enrollment in grades K-8 in Catholic elementary schools in year t-1; (4) The retention rate of public school grade 10 from grade 9 will follow the 1961-1971 trend with the restriction that it cannot exceed 100 percent; (5) The retention rates of all other public school grades will remain constant at the 1970 to 1971 levels; (6) Enrollments in grades K-8 in Catholic elementary schools will decrease from 3.1 million in 1971 to 2.0 million in 1981; and (6) Enrollments in grades K-8 in all regular nonpublic day schools will decrease through 1981; grades 9-12 in these schools will remain constant at the 1970 level.

Footnotes to table A. (Cont'd)

NOTE: Data are for 50 States and the District of Columbia for all years. Because of rounding, detail may not add to totals.

SOURCES: Enrollment data and estimates are based on (1) U.S. Department of Health, Education, and Welfare, Office of Education publications: (a) "Statistics of Public Schools, " fall 1964 through 1971; (b) "Enrollment, Teachers, and Schoolhousing," fall 1961 through 1963; (c) "Statistics of State School Systems, 1961-62"; (d) Prepublication data from "Statistics of Nonpublic Elementary and Secondary Schools, 1970-71"; (e) "Statistics of Public and Nonpublic Elementary and Secondary Day Schools, 1968-69"; (f) "Statistics of Nonpublic Elementary and Secondary Schools, 1965-66"; (g) "Nonpublic School Enrollment in Grades 9-12, Fall 1964, and Graduates, 1963-64"; (h) "Statistics of Nonpublic Elementary Schools, 1961-62"; (i) "Statistics of Nonpublic Secondary Schools, 1960-61"; and (2) National Catholic Educational Association Publication: "A Report on U.S. Catholic Schools," 1970-71 and prepublication data, 1971-72.

The population projections as of October 1, of 5- and 6-year-olds on which the enrollment projections in kindergarten and grade 1 are based are consistent with Series D population projections in U.S. Department of Commerce, Bureau of the Census, "Current Population Reports," Series P-25, No. 470, November, 1971. The C,D, and E population projections, together with definitions of each series, are shown in appendix B, table B-1.

For enrollment projections based on population projection series C and series E, see appendix B, tables B-3 and B-4.

Insert Page 2085

Table B.--Summary of enrollment in all institutions of higher education, by degree-credit status and institutional type: United States, fall 1961 to 1981

Resident and extension opening fall enrollment--in thousands

Year (fall)	Total degree-credit and non-degree-credit enrollment	Degree-credit			non-degree-credit		
		Total	4-year	2-year	Total	4-year	2-year
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1961	4,047	3,861	3,343	518	186	38	148
1962	4,404	4,175	3,585	590	229	45	184
1963	4,766	4,495	3,870	625	271	52	220
1964	5,280	4,950	4,239	711	330	52	278
1965	5,921	5,526	4,685	841	395	63	332
1966 1/	6,390	5,928	4,984	945	462	80	381
1967 1/	6,912	6,406	5,325	1,081	505	73	432
1968	7,513	6,928	5,639	1,289	585	82	503
1969	8,005	7,484	5,956	1,528	521	72	448
1970	8,581	7,920	6,290	1,630	661	68	593
1971	8,949	8,116	6,391	1,725	833	72	761
PROJECTED 2/							
1972 3/	9,124	8,220	6,435	1,785	904	70	834
1973	9,675	8,707	6,728	1,979	968	73	895
1974	10,117	9,078	6,944	2,134	1,039	74	965
1975	10,562	9,452	7,161	2,291	1,110	74	1,036
1976	10,977	9,800	7,360	2,440	1,177	75	1,102
1977	11,369	10,128	7,549	2,579	1,241	75	1,166
1978	11,722	10,425	7,719	2,706	1,297	75	1,222
1979	12,023	10,678	7,864	2,814	1,345	75	1,270
1980	12,293	10,905	7,994	2,911	1,388	75	1,313
1981	12,532	11,108	8,110	2,998	1,424	74	1,350

Footnotes for table B.

1/ The breakdown between degree-credit and non-degree-credit enrollment in 1966 and 1967 is estimated. See appendix A, "Estimation Methods," sections 3d-3g.

2/ For assumptions underlying these projections and for methods of projecting, see footnotes to tables 6 and 9, and table A-1 in appendix A.

3/ Based on preliminary NCES data. Not used to determine trend.

NOTE:-- Data re for 50 States and the District of Columbia for all years. Because of rounding, detail may not add to totals.

SOURCES: Enrollment data and estimates are based on U.S. Department of Health, Education, and Welfare, Office of Education publications: (1) "Opening (Fall) Enrollment in Higher Education," annually, 1960 through 1968 and 1971; (2) "Fall Enrollment in Higher Education, Supplementary Information," 1969 and 1970; (3) data from Resident and Extension Enrollment in Institutions of Higher Education, "Fall 1966 (unpublished); and (4) "Resident and Extension Enrollment in Institutions of Higher Education, first term 1961."

Table C.--Expenditures (current dollars) of regular educational institutions, by instructional level and institutional control: United States,11960-61 to 1973-74

(In billions of current dollars)

Year and control (1)	Total (all levels) (2)	Elementary and secondary schools 1/ (Nonpublic school expenditures are estimated on the basis of expenditures per teacher in public schools)				Institutions of higher education 2/		
		Total (3)	Current 3/ expenditures (4)	Capital outlay 4/ (5)	Interest 5/ (6)	Total (7)	Current 6/ expenditures (8)	Capital outlay 7/ (9)
1960-61:								
Total............	27.1	19.4	15.5	3.3	.6	$ 7.7	$ 6.0	$ 1.7
Public..........	21.2	17.0	13.6	2.9	.5	4.2	3.3	.9
Nonpublic.......	5.9	2.4	1.9	.4	.1	3.5	2.7	.8
1961-62:								
Total............	29.6	21.1	17.0	3.4	.7	8.5	6.8	1.7
Public..........	23.2	18.5	14.9	3.0	.6	4.7	3.7	1.0
Nonpublic.......	6.4	2.6	2.1	.4	.1	3.8	3.1	.7
1962-63:								
Total............	32.5	22.3	18.5	3.1	.7	10.2	7.7	2.5
Public..........	25.3	19.5	16.2	2.7	.6	5.8	4.2	1.6
Nonpublic.......	7.2	2.8	2.3	.4	.1	4.4	3.5	.9
1963-64:								
Total............	35.8	24.5	20.1	3.6	.8	11.3	8.8	2.5
Public..........	27.8	21.4	17.6	3.1	.7	6.4	4.9	1.5
Nonpublic.......	8.0	3.1	2.5	.5	.1	4.9	3.9	1.0
1964-65:								
Total............	39.8	26.9	21.8	4.2	.9	12.9	10.1	2.8
Public..........	30.8	23.6	19.1	3.7	.8	7.2	5.6	1.6
Nonpublic.......	9.0	3.3	2.7	.5	.1	5.7	4.5	1.2

See footnotes at end of table.

Table C. --Expenditures (current dollars) of regular educational institutions, by instructional level and institutional control: United States, 1960-61 to 1973-74--Continued

(In billions of current dollars)

Year and control (1) (1)	Total (all levels) (2)	Elementary and secondary schools 1/ (Nonpublic school expenditures are estimated on the basis of expenditures per teacher in public schools)				Institutes of higher education 2/		
		Total (3)	Current expenditures (4)	Capital outlay 4/ (5)	Interest 5/ (6)	Total (7)	Current expenditures (8)	Capital outlay 7/ (9)
1966-67								
Total-------	49.5	32.0	26.5	4.5	1.0	17.5	13.6	3.9
Public-----	38.7	28.3	23.4	4.0	.9	10.4	7.9	2.5
Nonpublic--	10.8	3.7	3.1	.5	.1	7.1	5.7	1.4
1967-68								
Total-------	57.0	37.1	31.2	4.8	1.1	19.9	15.8	4.1
Public-----	45.3	33.0	27.7	4.3	1.0	12.3	9.6	2.7
Nonpublic--	11.7	4.1	3.5	.5	.1	7.6	6.2	1.4
1968-69								
Total-------	61.6	39.6	33.3	5.2	1.1	22.0	17.9	4.1
Public-----	49.4	35.5	29.8	4.7	1.0	13.9	11.0	2.9
Nonpublic---	12.2	4.1	3.5	.5	.1	8.1	6.9	1.2
1969-70								
Total-------	70.3	45.4	38.6	5.5	1.3	24.9	20.6	4.3
Public-----	56.7	40.6	34.5	4.9	1.2	16.1	12.9	3.2
Nonpublic--	13.6	4.8	4.1	.6	.1	8.8	7.7	1.1
1970-71								
Total-------	77.9	49.8	42.6	5.7	1.5	28.1	23.5	4.6
Public-----	62.9	44.4	38.0	5.1	1.3	18.5	14.9	3.6
Nonpublic--	15.0	5.4	4.6	.6	.2	9.6	8.6	1.0

See footnotes at end of table.

Table C.--Expenditures (current dollars) of regular educational institutions, by instructional level and institutional control: United States, 1960-61 to 1973-74--Continued

(In billions of current dollars)

Year and control (1)	Total (all levels (2)	Elementary and secondary schools 1/ (Nonpublic school expenditures are estimated on the basis of expenditures per teacher in public schools)				Institutions of higher education 2/		
		Total (3)	Current expenditures 3/ (4)	Capital outlay 4/ (5)	Interest 5/ (6)	Total (7)	Current expenditures 6/ (8)	Capital outlay 7/ (9)
P R O J E C T E D								
1971-72:								
Total-------	85.8	54.3	46.5	6.1	1.7	31.5	26.8	4.7
Public-----	69.4	48.6	41.6	5.5	1.5	20.8	17.1	3.7
Nonpublic--	16.4	5.7	4.9	.6	.2	10.7	9.7	1.0
1972-73:								
Total-------	92.6	57.5	49.1	6.6	1.8	35.1	30.2	4.9
Public-----	74.8	51.5	44.0	5.9	1.6	23.3	19.5	3.8
Nonpublic--	17.8	6.0	5.1	.7	.2	11.8	10.7	1.1
1973-74:								
Total-------	97.3	61.6	53.1	6.4	2.1	$35.7	$31.6	$4.1
Public-----	80.2	56.0	48.3	5.8	1.9	24.2	20.7	3.5
Nonpublic--	17.1	5.6	4.8	.6	.2	11.5	10.9	.6

See footnotes at end of table.

1/ Excludes expenditures for residential schools for exceptional children, subcollegiate departments of institutions of higher education, Federal schools for Indians, and federally operated schools on Federal installations. See text table on expenditures by source of funds for data on these schools. All nonpublic elementary and secondary school expenditures shown here are estimated on the basis of expenditures per teacher in public elementary and secondary schools.

2/ Includes expenditures for subcollegiate departments of institutions of higher education, estimated at $90 million in 1971-72. Includes expenditures for interest from current funds and excludes interest paid from plant funds. (An estimated $275 million was expended for total interest in 1971-72).

3/ Includes current expenditures of public elementary and secondary school systems for community services, summer schools, community colleges, and adult education. Interest is included in the estimated current expenditures of nonpublic schools.

4/ Includes capital outlay of State and local school building authorities.

5/ Interest for nonpublic schools is based on interest for public schools.

6/ Includes expenditures for interest from current funds. Excludes expenditures from current funds. Excludes expendigures from current funds for capital outlay.

7/ The estimated annula capital outlay data shown here include estimated expenditures for replacement and rehabilitation.

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TABLE D.--1ST COLLEGE ENROLLMENT COMPARED WITH BACHELOR'S DEGREES CONFERRED 4 YEARS LATER: UNITED STATES, 1962-66 TO 1967-71

	1st Time Degree-Credit Students	Year	Bachelor's Degrees Conferred	Degrees as a Percent of 1st Time Enrollment
Fall of--				
1962	1,030,554	1965-66	519,804	50.4
1963	1,046,417	1966-67	558,316	53.4
1964	1,224,840	1967-68	632,289	51.6
1965	1,441,822	1968-69	728,845	50.6
1966	1/1,480,000	1969-70	792,316	53.5
1967	1/1,562,000	1970-71	839,730	53.8

1/ Estimated

Note: The above table indicates that approximately 1/2 of the 1st-time college students complete 4 years of college work and earn a bachelor's degree.

Source: U.S. Department of Health, Education, and Welfare, Office of Education, Projections of Educational Statistics to 1980-81, Opening (Fall) Enrollment in Higher Education, 1957-1967; Earned Degrees Conferred by Institutions of Higher Education 1960-61 through 1970-71.

TABLE E.—ENROLLMENT IN VOCATIONAL EDUCATION, BY LEVEL AND PROGRAM FISCAL YEARS 1970-71

Level and Type of Program	1970	1971	Percentage Change, 1970 to 1971
All programs	8, 793, 960	10, 495, 411	19. 4
Secondary	5, 114, 451	6, 494, 641	26. 9
Postsecondary	1, 013, 426	1, 140, 943	12. 6
Adult	2, 666, 083	2, 859, 827	7. 2
Special needs (level):			
Disadvantaged persons	(805, 384)	(1, 414, 437)	(75. 6)
Handicapped persons	(115, 219)	(208, 781)	(81. 1)
Agriculture [1]	852, 983	845, 085	−. 9
Secondary	550, 823	562, 141	2. 1
Postsecondary	23, 381	28, 418	21. 5
Adult	278, 779	254, 526	−8. 7
Special needs (level):			
Disadvantaged persons	(69, 087)	(94, 138)	(36. 3)
Handicapped persons	(10, 046)	(14, 993)	(49. 2)
Distribution	529, 365	578, 075	9. 2
Secondary	230, 007	241, 119	4. 8
Postsecondary	82, 160	85, 859	4. 5
Adult	217, 198	251, 097	15. 6
Special needs (level):			
Disadvantaged persons	(47, 272)	(61, 877)	(30. 9)
Handicapped persons	(5, 219)	(8, 508)	(63. 0)
Health	198, 044	269, 546	36. 1
Secondary	31, 915	43, 300	35. 7
Postsecondary	102, 515	137, 943	34. 6
Adult	63, 614	88, 303	38. 8
Special needs (level):			
Disadvantaged persons	(20, 179)	(39, 953)	(98. 0)
Handicapped persons	(2, 951)	(4, 596)	(55. 7)
Home economics [2]	2, 570, 410	3, 129, 804	21. 8
Secondary	1, 934, 059	2, 416, 207	24. 9
Postsecondary	44, 259	52, 792	19. 3
Adult	592, 092	660, 805	11. 6
Special needs (level):			
Disadvantaged persons	(233, 000)	(526, 518)	(126. 0)
Handicapped persons	(26, 591)	(43, 831)	(64. 8)
Office	2, 111, 160	2, 226, 854	5. 5
Secondary	1, 331, 257	1, 395, 909	4. 9
Postsecondary	331, 001	335, 198	1. 3
Adult	448, 902	495, 747	10. 4
Special needs (level):			
Disadvantaged persons	(197, 359)	(287, 231)	(45. 5)
Handicapped persons	(18, 720)	(24, 725)	(32. 1)
Technical	271, 730	313, 860	15. 5
Secondary	34, 386	36, 163	5. 2
Postsecondary	151, 621	177, 718	17. 2
Adult	85, 723	99, 979	16. 6
Special needs (level):			
Disadvantaged persons	(13, 373)	(23, 511)	(75. 8)
Handicapped persons	(2, 555)	(3, 386)	(32. 5)
Trades and industry	1, 906, 133	2, 075, 166	8. 9
Secondary	692, 396	809, 140	16. 9
Postsecondary	261, 182	309, 812	18. 6
Adult	952, 555	956, 214	. 4
Special needs (level):			
Disadvantaged persons	(182, 642)	(265, 894)	(45. 6)
Handicapped persons	(30, 155)	(74, 547)	(147. 2)
Other	[3] 354, 135	[3] 1, 087, 270	207. 0

TABLE E.—ENROLLMENT IN VOCATIONAL EDUCATION, BY LEVEL AND PROGRAM FISCAL YEARS 1970-71

Level and Type of Program	1970	1971	Percentage Change, 1970 to 1971
Secondary	309,608	1,002,356	223.8
Postsecondary	17,307	20,572	18.9
Adult	27,220	64,302	136.2
Special needs (level):			
Disadvantaged persons	(42,472)	(124,588)	(193.3)
Handicapped persons	(18,982)	(34,515)	(81.8)

[1] Includes enrollments in off-farm agriculture as follows: 1970, 268,226; 1971, 287,452.

[2] Includes enrollments in gainful home economics as follows: 1970, 151,194; 1971, 197,422.

[3] Includes enrollments in prevocational, prepostsecondary, remedial programs, and other not elsewhere classified. In 1971, 30,249 are duplicated enrollments.

TABLE F.—*Enrollment in federally aided vocational classes, by type of program—United States and outlying areas—1971 (fiscal year)*

Total (includes 1,087,270 enrolled in other classes not classified by type of program)	10,495,411
Agriculture	345,085
Distributive occupations	578,075
Home economics	3,129,804
Trades and industry	2,075,166
Health occupations	269,546
Technical occupations	313,860
Office occupations	2,226,854

EXPIRATION OF ESEA LEGISLATION

Mr. MICHEL. For the record, when does the Elementary and Secondary Education Act expire?

Mr. MATTHEIS. It expires this year but, as you are aware, there is an automatic continuation of it.

Mr. MICHEL. When you say "this year," the legislation dies when?

Dr. OTTINA. June 30, 1973, with the exception of title IV, which is called "Cooperative Research Act," which expires at a later date. My recollection is June 30, 1975.

Mr. MICHEL. I think what you were going to say follows, that in the absence of our taking any legislative action, there is provision for extending all ongoing programs for a period of 1 year.

Mr. MATTHEIS. That is correct.

Mr. MICHEL. If special revenue sharing for education is not enacted in time for this committee to address itself specifically to any new lines that might be drawn by the legislative committees, we would really have no other recourse, then, but to follow the original intent of the act and provide funds under the old law. Right?

Mr. MATTEIS. I would not want to make a judgment on that. I think Mr. Miller might want to respond to how that would be handled. I think it is the committee's prerogative.

Mr. MICHEL. Was it considered by the Department that the extension of a year beyond June 30 is just ongoing authorizing legislation?

Mr. MILLER. I guess I am not sure, "as contrasted with what," Mr. Michel? I think the answer is yes.

Mr. MICHEL. As I said, my first question was with respect to the specific date on which the current legislation expires. The answer is June 30, 1973. It is a natural time for us to be thinking about what is beyond June 30. Everything we have been talking about here is in terms of disenthralling ourselves from the old and bringing on something new, if it is warranted, picking out the good from the experience of the past and relating it to something for the next several years.

We do not necessarily have to be tied to what we have been doing for the last 4 or 5, or 10 years for that matter. So, I think, from that standpoint, it is natural that we ought to be thinking about something new, if that is what you folks have in mind.

It does not necessarily mean that everything that we have been doing in past years is wrong. We should have learned a lot from some of these experimental things we have been carrying on which show that a good pile of money has not brought the kind of results we thought it would.

Who knows unless we give it a try? That is what we have been doing.

Now you folks probably would like to try some new things, and so would I.

Again, specifically, if we on this subcommittee want to move expeditiously, as I think we would like to with respect to education, to be sure the various communities know sufficiently in advance what kind of programs they will have, and how much money will be available, we are stuck here until such time as we know what will be the authorizing legislation under which we operate in fiscal year 1974, which begins July 1, 1973.

I suspect that you have no fallback position, as Secretary Weinberger said and subsequent witnesses said. So, you will have to appreciate the position which the committee is in, in this state of limbo.

Mr. Miller. I guess the only comment I can make would be a personal comment, because I really cannot comment as an administration spokesman. It would be preferable, if revenue sharing is not enacted by June 30, 1973, to have a simple extension, rather than to have a great deal of work on a revision of the existing programs, which would seem to cement them in place rather than holding things firm until revenue sharing gets a fair hearing.

That would be my impression. As I say, that is a personal reaction. I do not know if Dr. Ottina wants to add to that or not.

TRANSITION TO REVENUE SHARING

Mr. Michel. Since the figures for special revenue sharing are really an aggregate of practically all the ongoing programs we have now, it would seem to me that the problem of transition would be relatively easy to accomplish under those circumstances. Would it not?

Mr. Mattheis. I think the answer would be yes.

Dr. Ottina. If I may elaborate on that answer, the legislation that we will be talking about under education revenue sharing would not prohibit in any way any programs that are presently being administered. The States and communities would have flexibility to continue those.

On the other hand, if they wished to change them in some fashion, they also would have that flexibility. So, they could, in fact, use for an indefinite period of time a transition from the way they are operating presently into some other mode that they would like to work into.

Mr. Michel. Under general revenue sharing, the distribution to the States went out in two increments. Do you know at this juncture, just a few days prior to submission of the proposal, whether or not the funds under special revenue sharing would be distributed to the States in a similar way?

Mr. Mattheis. The administrative detail we have discussed a little bit, but very likely will not be in the legislation. I would expect we would consider very seriously the continuation of the letter of credit practice which we have had for Federal education programs over a period of time, rather than the bulk amounts going out at any period of time. It has not been decided.

Mr. Miller. Could I go back to my previous testimony and add one thought, more for the record than anything else.

I think if, in fact, the Congress relied on a 1-year extension, it would be the administration's view that they ought to consider whether exceptions might not be made to delete those categories where we are recommending phasing out which would, of course, specifically refer to "B" children.

TITLE I FUNDING LEVEL FOR 1973

Mr. Michel. The chairman asked you at what level you were spending for title I under ESEA currently, and then in answer to a question from Mr. Shriver, it appears in some categories the 1973 level of spending is below 1972. Is that right?

Mr. Mattheis. Title I?

Mr. Michel. Let us stick to title I first.

Mr. Miller. There is a very small amount, Mr. Michel. The President's revised budget is $12 million less out of a $1.6 billion total.

Mr. Michel. Have we had placed in the record up to this point those States which would gain funds and lose funds, under title I, in 1973?

Mr. Miller. We will check. If we have not, we will provide it.

Mr. Michel. It seems that we had some discussion about that earlier. It probably would be best to have it again at this point in the record so it is all together.

[The information follows:]

Insert Page 2093 A

Elementary and Secondary Education

Title I-A Educationally Deprived Children

As provided in Revised 1973 Budget

State or Outlying Area	1972 Actual	1973 1/ Estimate	Increase or Decrease
TOTAL	$1,565,237,842	$1,548,719,975	$-16,517,867
Alabama	42,102,840	36,870,944	-5,231,896
Alaska	2,282,421	3,555,831	+1,273,410
Arizona	11,201,301	10,646,258	-555,043
Arkansas	26,234,762	23,237,575	-2,997,187
California	135,233,658	125,696,387	-9,537,271
Colorado	12,843,239	12,889,379	+46,140
Connecticut	13,939,862	14,012,968	+73,106
Delaware	3,326,649	3,354,193	+27,544
Florida	37,844,005	35,414,581	-2,429,424
Georgia	41,681,953	43,322,261	+1,640,308
Hawaii	3,638,800	4,162,833	+524,033
Idaho	3,847,638	3,809,280	-38,358
Illinois	68,662,736	76,324,460	+7,661,724
Indiana	20,033,605	22,026,718	+1,993,113
Iowa	16,581,183	15,883,264	-697,919
Kansas	12,105,441	11,018,347	-1,087,094
Kentucky	38,084,197	33,862,731	-4,221,466
Louisiana	37,176,643	34,681,789	-2,494,854
Maine	6,378,608	6,536,987	+158,379
Maryland	21,240,945	22,300,231	+1,059,286
Massachusetts	27,121,119	28,769,874	+1,648,755
Michigan	55,196,289	61,337,694	+6,141,405
Minnesota	22,935,624	23,039,546	+103,922
Mississippi	43,902,008	38,381,290	-5,520,718
Missouri	28,205,258	26,278,476	-1,926,782
Montana	4,217,141	4,054,344	-162,797
Nebraska	8,338,394	8,121,997	-216,397
Nevada	1,273,829	1,307,882	+34,053
New Hampshire	2,393,571	2,555,133	+161,562
New Jersey	51,140,973	51,122,618	-18,355
New Mexico	11,025,814	8,843,837	-2,181,977
New York	207,038,955	214,937,068	+7,898,113
North Carolina	60,833,468	57,023,877	-3,809,591
North Dakota	5,417,079	5,163,523	-253,556
Ohio	44,587,151	49,500,133	+4,912,982

State or Outlying Area	1972 Actual	1973 1/ Estimate	Increase or Decrease
Oklahoma	$ 19,820,401	$ 18,711,558	$-1,108,843
Oregon	12,267,090	11,381,341	-885,749
Pennsylvania	73,924,786	72,479,749	-1,445,037
Rhode Island	5,845,803	5,586,681	-259,122
South Carolina	36,356,564	32,755,045	-3,601,519
South Dakota	6,682,567	6,101,152	-581,415
Tennessee	38,262,508	33,908,383	-4,354,125
Texas	90,093,691	88,421,328	-1,672,363
Utah	4,379,775	4,733,894	+354,119
Vermont	2,620,838	2,897,016	+276,178
Virginia	36,127,339	34,872,305	-1,255,034
Washington	15,952,758	16,868,951	+916,193
West Virginia	21,493,525	18,626,657	-2,866,868
Wisconsin	19,327,021	20,415,542	+1,088,521
Wyoming	1,810,025	1,695,472	-114,553
District of Columbia	9,285,465	11,606,404	+2,320,939
American Samoa	358,046	356,987	-1,059
Guam	970,721	942,157	-28,564
Puerto Rico	27,481,227	29,244,989	+1,763,762
Trust Territories	1,074,404	597,415	-476,989
Virgin Islands	559,129	1,088,077	+528,948
Dept. of Interior BIA	12,477,000	15,384,563	+2,907,563

1/ Total of all Part A based on $1,585,185,000 for all of Title I. State agency grants reduced to fiscal year 1972 aggregate amount and local educational agencies reduced without a floor provision. Parts B and C have not yet been computed by State.

Insert Page 2093 6

Elementary and Secondary Education

Title I-A, Educationally Deprived Children

As provided in the Basic Law

State or Outlying Area	1972 Actual	1973 1/ Estimate	Increase or Decrease
TOTAL	$1,565,237,842	$1,548,719,975	$-16,517,867
Alabama	42,102,840	36,257,418	-5,845,422
Alaska	2,282,421	3,720,891	+1,438,470
Arizona	11,201,301	10,967,399	-233,902
Arkansas	26,234,762	23,076,662	-3,158,100
California	135,233,658	125,320,083	-9,913,575
Colorado	12,843,239	13,178,663	+335,424
Connecticut	13,939,862	14,160,544	+220,682
Delaware	3,326,649	3,495,339	+168,690
Florida	37,844,005	37,351,071	-492,934
Georgia	41,681,953	42,607,334	+925,381
Hawaii	3,638,800	4,118,558	+479,758
Idaho	3,847,638	3,952,530	+104,892
Illinois	68,662,736	75,600,937	+6,938,201
Indiana	20,033,605	22,179,760	+2,146,155
Iowa	16,581,183	15,697,379	-883,804
Kansas	12,105,441	11,151,261	-954,180
Kentucky	38,084,197	33,165,149	-4,919,048
Louisiana	37,176,643	34,431,771	-2,744,872
Maine	6,378,608	6,545,648	+167,040
Maryland	21,240,945	22,351,144	+1,110,199
Massachusetts	27,121,119	28,865,790	+1,744,671
Michigan	55,196,289	61,905,844	+6,709,555
Minnesota	22,935,624	22,848,823	-86,801
Mississippi	43,902,008	37,754,255	-6,147,753
Missouri	28,205,258	26,190,983	-2,014,275
Montana	4,217,141	4,216,952	-189
Nebraska	8,338,394	8,087,894	-250,500
Nevada	1,273,829	1,335,839	+62,010
New Hampshire	2,393,571	2,588,854	+195,283
New Jersey	51,140,973	51,293,585	+152,612
New Mexico	11,025,814	8,929,175	-2,096,641
New York	207,038,955	212,632,361	+5,593,406
North Carolina	60,833,468	56,597,831	-4,235,637
North Dakota	5,417,079	5,256,604	-160,475
Ohio	44,587,151	49,827,561	+5,240,410

State or Outlying Area	1972 Actual	1973 1/ Estimate	Increase or Decrease
Oklahoma	19,820,401	18,646,512	-1,173,889
Oregon	12,267,090	11,802,939	-464,151
Pennsylvania	73,924,786	72,085,915	-1,838,871
Rhode Island	5,845,803	5,571,036	-274,767
South Carolina	36,356,564	32,444,297	-3,912,267
South Dakota	6,682,567	6,046,662	-635,905
Tennessee	38,262,508	33,483,401	-4,779,107
Texas	90,093,691	91,173,972	+1,080,281
Utah	4,379,775	4,779,174	+399,399
Vermont	2,620,838	2,990,093	+369,255
Virginia	36,127,339	34,613,715	-1,513,624
Washington	15,952,758	17,245,425	+1,292,667
West Virginia	21,493,525	18,354,061	-3,139,464
Wisconsin	19,327,021	20,573,980	+1,246,959
Wyoming	1,810,025	1,749,851	-60,174
District of Columbia	9,285,465	11,621,478	+2,336,013
American Samoa	358,046	356,987	-1,059
Guam	970,721	951,680	-19,041
Puerto Rico	27,481,227	29,494,131	+2,012,904
Trust Territories	1,074,404	1,088,077	+13,673
Virgin Islands	559,129	600,136	+41,007
Dept. of Interior, BIA	12,477,000	15,384,563	+2,907,563

1/ Total of all Part A grants based on $1,585,185,000 for all of Title I. State agency grants are funded at maximum authorizations and grants for local educational agencies are reduced without a floor provision. Parts B and C have not yet been computed, by State.

NOTIFICATION TO STATES ABOUT REDUCED FUNDING

Mr. MICHEL. Have we alerted the States, particularly those who would be receiving less, that they will be getting less this year?

Mr. FAIRLEY. Unofficially, I think each State knows at this point.

Mr. MICHEL. When you say "unofficially"——

Mr. FAIRLEY. In terms of their allocations.

Mr. MATTHEIS. The reason we have not been able to make it official is because of the whole continuing resolution situation we have been in. Our local people have been advising them.

Mr. MICHEL. The States have been somewhat alerted so they can plan, comme ci, comme ca, and have a degree of flexibility within the State?

Mr. FAIRLEY. Yes, sir.

Mr. MILLER. We have already made three-quarters worth of allocations on the basis of the no-floor provision, and the States that have been getting less have been seeing that they are getting less.

REINSTATING FLOOR PROVISION—TITLE I

Mr. MICHEL. What steps could be taken at this point, either administratively or legislatively, to put the floor back in?

Mr. MILLER. I guess it would be possible to put it in the supplemental. We do not have any funds in the supplemental for it, and I do not know whether it would be possible just to put language in the supplemental.

Mr. MICHEL. There are those who say we have heard talk about this hold harmless provision, that no State will be getting less, as a means of getting over the precipice.

I suspect I might have to answer that question from some quarter when we get down to the nitty-gritty.

Mr. MILLER. It will be a big problem, because I suspect we will have to make our fourth-quarter allocations, which presumably would be the final one before the supplemental is settled.

It may be tricky.

Then to cover the floor provisions, you would have to cover it in the supplemental, which we would be very much opposed to.

Mr. MICHEL. The other day when we were talking about revenue sharing, the term "passthrough" came up, I think particularly with respect to our discussion of impacted aid.

Do you also envision a passthrough with respect to present earmarkings under title I?

Mr. MATTHEIS. This is a specification of the legislation which has been discussed, I think, sort of favorably. I am not sure a decision has been made with regard to it.

SCHOOL ENROLLMENTS AND TITLE I PARTICIPANTS

Mr. MICHEL. Will you provide for the record the total number of elementary and secondary school children in the country, the number of children counted for entitlements under title I, and the number of children in districts participating, along with the amount appropriated for each year since the program began, a short update of the table on page 186 of our hearing of last year.

[The information follows:]

Insert Page 2097

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education
Elementary and Secondary Education Act of 1965, P.L. 89-10 As Amended
Title I, Assistance for Educationally Deprived Children

Fiscal Year	Elementary and Secondary School Enrollment	Number of Children Counted for Entitlement Under Title I	Participating in Title I		Amount Appropriated
			Number of Children	Number of School Districts	
1966...........	49,239,000	5,596,158	8,300,000	17,500	$ 959,000,000
1967...........	49,891,000	6,312,552	9,100,000	16,400	1,053,410,000
1968...........	50,744,000	6,669,796	7,900,000	16,000	1,191,000,000
1969...........	51,119,000	6,965,504	7,900,000	15,700	1,123,127,000
1970...........	51,309,000	7,270,597	7,900,000	14,200	1,339,050,900
1971...........	51,281,000	7,746,008	6,682,414	14,200	1,500,000,000
1972...........	51,100,000	8,451,835	6,645,475	13,900	1,597,500,000
1973...........	50,700,000	8,855,901	6,666,420	13,900	1,585,185,000

TITLE III, ESEA, SUPPLEMENTARY SERVICES

Mr. MICHEL. On title III, how do you consolidate a title like this into special revenue sharing? Will the States have their own innovative projects and supplementary centers?

Mr. MATTHEIS. As a matter of fact, many of them have already developed State programs of a comparable nature to title III of the Elementary and Secondary Education Act. The thinking at this juncture is that there would be a provision for funds to be spent under educational revenue sharing which would give the States discretion to do the kinds of things that were done under title III if the State desired. It is just that. They are given great flexibility to make a determination as to whether this is something they would like to continue or expand.

They also have the opportunity to spend it for some other things that the given State might feel is more imperative.

Mr. MICHEL. How many projects are we currently funding?

Dr. OTTINA. While you are looking that up, may I add, as you are aware, title III operates in two sections. In one section, 85 percent of the funds are operated by the State system, where the State determines the value of the project.

There is another in which there is a State allocation of funds with discretion residing in the Commissioner, and the Office of Education selects programs which are to be funded.

In revenue sharing, we would be proposing to include both of those programs. The 15 percent are projects which we monitor and award. In terms of the 85 percent, we would rely upon the States, because they are administered by the State.

Mr. MATTHEIS. We have those figures.

Mr. MICHEL. Supply them for the record.

Mr. MATTHEIS. Very well.

[The information follows:]

CURRENTLY FUNDED ESEA III PROJECTS

STATE PLAN

In fiscal year 1972, 915 projects were continued and 714 new programs were initiated for a total of 1,629 projects in operation. Of this total approximately 1,087 projects will be continued through fiscal year 1973 and approximately 550 new programs be begun for an operational total of 1,637 in fiscal year 1973.

DISCRETIONARY

In fiscal year 1972, 100 projects were continued and 100[1] new programs were initiated for a total of 210 projects in operation. Of this total approximately 98[1] projects will be continued through fiscal year 1973 and approximately 188 new programs begun for an operational total of 286 in fiscal year 1973.

Mr. MICHEL. Have you initiated any new projects in the current fiscal year?

Mr. MATTHEIS. Yes, under the State portion, the 85-percent portion, in 1973 we anticipate that 550 new projects will be funded.

This is a revolving program pretty much on a 3-year funding basis out in the States, where they would grant money to a project and expect that its normal life would be 3 years. So, each year they have 400 to 600 new projects coming into the program.

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[1] One of these projects involves the introduction in over 400 locations of kindergarten materials developed by the Southwest Regional Laboratory.

DISCRETIONARY PART OF TITLE III, ESEA

Mr. MICHEL. How about that discretionary 15 percent? Will there be any new projects in this fiscal year in that category?

Mr. MATTHEIS. Yes, sir. Ninety-eight are continued in fiscal 1973. Thirty new programs specifically involving educational technology have begun this year. Handicapped children programs at 14 sites were initiated this year.

Mr. MICHEL. As I understand, part of the theory of special revenue sharing for education is to turn back a good bit of the decisionmaking to the States and local communities. In this 15 percent, would you still want that power, if you will, to be given to the States?

Mr. MATTHEIS. A decision as to what amounts of funds should be retained at the Office of Education level for discretionary activity has not been determined, nor the method or procedure, whether it will be a part of the special education revenue sharing package, and so on.

Certainly, we feel it is desirable to hold discretionary funds for the development of programs in areas of national concern at the Office of Education level. It would not be from this 15 percent, however, but would be in some other category.

Mr. MICHEL. For the record, I want you to expand this a little bit, and tell us what these projects are and how many children are involved.

Mr. MATTHEIS. For both of the programs, State as well as Federal discretion?

Mr. MICHEL. Right.

[The information follows:]

Insert Page 2103

Number of ESEA III Projects and Children Served by Category

Category	Number of Projects	Number of Students Served
STATE PLANS, FY 1972		
Reading	205	1,019,400
Environment/Ecology	75	290,923
Equal Educational Opportunity	77	333,156
Model Cities (Urban, Inner-City)	32	44,608
Gifted	24	6,580
Handicapped	357	136,522
Guidance and Counseling	386	1,780,566
Drug Education	40	976,172
Early Childhood Education	85	109,849
Other Programs	348	2,653,716
Total	1,629	7,351,492
DISCRETIONARY FUNDS, FY 1972		
Early Childhood	23	14,675
Reading/Comprehensive Programs	22	45,990
Environmental Education	15	3,167,005
Education of the Disadvantaged	15	32,793
Human Diversity/Cultural Pluralism	7	6,995
Student/Youth Activism	3	4,390
Other Areas	15	48,095
Incentives in Education	4	2,400
Extended School Year	2	2,300
Special Education	1[1]	1,500
Educational Technology	67	3,350
SWRL Kindergarten Program	1	120,000
Right to Read	19	3,000
Artists in Schools	16	80,000
Total	210	3,532,493

[1] Involves the introduction in over 400 locations of kindergarden materials developed by the Southwest Regional Laboratory.

TITLE III, NDEA, SCHOOL EQUIPMENT

Mr. MICHEL. Bring us up to date on just where you are with respect to title III, NDEA, purchase of equipment and materials.

Mr. MATTHEIS. This, as you are aware, is a program which in fiscal year 1973 is being phased out with a $1,500,000 appropriation. This is a program that has been on the books for a number of years for the purchase of equipment and materials at the State and local level. It is a matching fund program.

The feeling is that it has served its purpose; that we have, in fact, purchased sizable amounts of equipment for the public schools of this country, and that this does not have the critical degree of importance that many other programs have. That is the reason it went into a phaseout procedure this year.

We are requesting no funds for this program in 1974.

Mr. MICHEL. Of course, under special revenue sharing, that decision is left to the States and local communities, and they are free to spend, depending upon what the authorizing legislation determines.

Mr. MATTHEIS. That is correct.

Mr. MICHEL. I would gather the theory is such that it would give them the option to do with it as they see fit.

Mr. MATTHEIS. That is correct.

Dr. OTTINA. May I add, for the committee's benefit, that the NDEA III program, beginning in 1959 and continuing to 1972, has had a total of $890 million worth of appropriations spent on it.

Mr. MICHEL. Last year, we were given for the record some comparative figures on equipment expenditures under title I which appeared on on page 209. I would like, without taking time here, to have spelled out for the record what the basic difference is between the two programs, title III and title I.

[The information follows:]

BASIC DIFFERENCE BETWEEN NDEA TITLE III AND ESEA TITLE I

NDEA TITLE III

Initially, title III had two primary objectives: (1) To support the purchase of laboratory and other special equipment and materials as well as the cost of minor remodeling of facilities to accommodate equipment for elementary and secondary school instruction in science, mathematics, and modern foreign language; and (2) to strengthen State leadership capacity for improving instruction in these three areas. The Federal Government contributed up to 50 percent of the costs of State education agency staff improvement and the costs of equipment, materials, and minor remodeling; State and local education agencies provided the remaining funds. The program was later broadened to include other subjects.

ESEA, TITLE I

Title I, ESEA authorizes financial assistance to local school districts serving areas with concentrations of children from low-income families to expand and improve their educational programs by various means which contribute particularly to meeting the special educational needs of educationally deprived children.

The purchase of equipment is authorized but the application of the local school district must show that (a) equipment has been selected and designated for specific purposes in connection with proposed project activities, (b) the proposed equipment is essential to the effective implementation of the project, (c) such equipment is not available in the applicant's regular inventory for use in

the project, and (d) the applicant has the trained staff to utilize the proposed new equipment effectively or that arrangements will be made to prepare staff for such use.

BILINGUAL EDUCATION

Mr. MICHEL. One final area here. We were talking about bilingual education, and I made the point yesterday I was concerned that we have the proper geographical distribution of those projects around the country. The problem was not confined solely to southern California and the several Southwestern States, but some of our large urban centers, including Chicago and New York.

The chairman made a big point about 143,000 children participating out of a figure of 5 million. Tell me, what is the composition of this big figure of 5 million that we keep talking about? The gentleman from Massachusetts, Mr. Conte, is not here, but I know he and I feel pretty much alike on this subject.

In the really hard core areas, poverty stricken, destitute folks coming in here from across the border, I can justify the program. But when there is not that real urgent kind of need, I am inclined to go back to what the generation that preceded us did. My father came to this country from France. My mother's side was first generation. She came from German heritage. I remember the conversations that went on in the house. "When you come to this country, English is the spoken language, and the first thing you had better do is get yourself to speak the language, throwing off the old country. You came here to become an American, and you will speak English."

I would like to see that prevail throughout the country, admitting there are very special areas where it will take time to do that.

When they keep throwing out this figure of 5 million and saying we are just not doing what we ought to do because we are serving only 143,000 children in bilingual education, I think it gives us a distorted picture. Some of the 5 million people will continue to speak Spanish, and others will become Americans and speak English like the rest of us.

I think it is a desirable end. There will be those who will argue against it.

TARGET POPULATION SERVED BY BILINGUAL PROJECTS

Tell me just what is the composition of this 5 million?

Mr. MATTHEIS. Let me provide a bit of background, and then I will ask Dr. Pena to expand upon it.

I think the overriding concern that you have with regard to citizens of this country speaking English is, obviously, a very important part of this program.

There is, however, increasingly in this country a concern for a pluralistic society and biculturalism, and so on, for all it means.

The program is really a combination of those two aspects—one, of providing English-speaking facilities for these youngsters who cannot speak the language, whose mother tongue is something else; but also, in doing so, not to degrade their heritage and their own culture, their family background, and so on. It is really a combination of those.

The projects would give you a flavor of this population mix, and I would have Dr. Pena speak to it in greater detail.

For instance, of the 211 projects that we have, Mexican-American projects would approximate 113. Puerto Rican, 40. Then there are 33 that serve a combination of multiethnic Spanish-speaking communities, which would be a combination of those and Cubans, and so on. We have a group of seven Portuguese projects, and seven French projects. We have a few Chinese, a few American Indian, and one, as a matter of fact, in the State of Oregon, interestingly, a Russian project. That is the mix of the projects.

Dr. Pena, can you speak to the population makeup of the 5 million?

Mr. MICHEL. Feel free to expand on this in the record. I think it is a very worthwhile part of the record that ought to be displayed, all the information available to make a good judgment when we have to make that decision.

Thank you.

[The information follows:]

Major ethnic groups needing bilingual education:	*Estimated number of children (ages 3 to 18)*
Mexican Americans	3, 045, 111
Puerto Ricans	777, 583
Multiethnic Spanish-speaking groups	328, 059
American Indians (includes Eskimo Indian language)	129, 432
French speaking	378, 380
Portuguese speaking	216, 915
Chinese	139, 620
Chamorro	17, 714
Russian	578
Japanese	11, 246
Total	5, 044, 638

Mr. FLOOD. Mr. Natcher?

FOLLOW THROUGH PHASEOUT

Mr. NATCHER. What authority, Mr. Mattheis, would you use in continuing the Follow Through program until your phaseout date of 1977? What would be the authority for that?

Mr. MILLER. I believe it is the authority that was cited by Mr. Michel. It expires at the end of this year and presumably it will be allowed to extend for 1 more year.

Mr. NATCHER. You would operate under that kind of authority on into your phaseout period of 1977?

Mr. MILLER. Yes, sir.

Mr. NATCHER. Dr. Miller, as I understand it now, the administration is phasing out OEO and in the last day or two a notice was issued that you are closing out your area offices. What authority do you have to ask for any money beyond the present period that you are operating under?

What about education revenue sharing, Mr. Mattheis, assuming—and a great big assumption—it is enacted? Instead of some 30 grants you would bring it down to 5 or 6? Anything in there for Follow Through?

Mr. MATTHEIS. No, Mr. Natcher.

Mr. NATCHER. Nothing under education revenue sharing?

Mr. MATTHEIS. No, sir.

Mr. NATCHER. As far as continuing this program you are guessing at it, is that right?

Mr. Mattheis. Mr. Natcher, it would have to be separate legislation in whatever mode. If it were to be continued under the present authority for 1 year, that is what we would use. It could very well then have to be taken care of in another manner with other legislation for future years of the program.

Dr. Ottina. It is my understanding that the authority for Follow Through does not expire in June 1973 but June 1974.

Mr. Natcher. Are you going to carry this into 1977? That is, assuming that we give you the right to go that for?

Dr. Ottina. Mr. Natcher, we do have another year to worry through that problem, as you are aware. We would propose in that period of time to ask for either an extension or other authority to carry us through that program.

Mr. Natcher. Assuming that you would get additional legislation?

Dr. Ottina. Yes, sir.

Mr. Natcher. Authorization.

Dr. Ottina. The point I was trying to make was that for fiscal year 1974 that program still has an authorization.

Mr. Natcher. Why are you using the date 1977 to phase out? Based on what grade in the elementary and secondary school?

Mr. Mattheis. The 1977 figure is used because that is the year that the children entering kindergarten this fall will end their third-grade experience. There will be a group of children coming into some of the projects this September in kindergarten for the 1973–74 school year. They will be in first grade in the succeeding year and in the third grade in 1976–77. At the close of that school year they will be out. The program will be terminated. That is the reason the 1977 date is used.

Mr. Natcher. How do you feel generally about Follow Through? My chairman asked you about the same question. Has it been a successful program?

Mr. Mattheis. I would answer at this juncture in time, with the research that we have, a cautious "yes." The research data are just beginning to come in from the youngsters in the program for a few years. The indications are that it is successful. We would want to withhold final judgment until the research project is completed. It looks encouraging. The parents and the teachers involved in the projects are overwhelmingly enthusiastic about it. All the appearances are good but we would want to withhold final judgment on it.

Mr. Natcher. I will be interested when my friend Mrs. Green has an opportunity to discuss it with you. I wondered what your answer would be.

Thank you, Mr. Chairman.

Mr. Flood. Mr. Shriver.

ALTERNATIVES TO TITLE III, NDEA EQUIPMENT

Mr. Shriver. Thank you, Mr. Chairman.

Continuing the question relating to the title III of the NDEA program for equipment and minor remodeling, which has been a popular source of Federal support and on a matching basis so there is participation by the school districts, you say that school officials can purchase this equipment under a number of broader purpose educational authorities. I believe that is the language that you used?

Mr. MATTHEIS. In the education revenue-sharing package they could. They do in some cases now. There is some equipment purchased in the title I program.

Mr. SHRIVER. Title I is all Federal money, not a matching program.

Mr. MATTHEIS. That is correct.

Mr. SHRIVER. The special revenue sharing would likewise be on a matching basis?

Mr. MATTHEIS. That is not correct, revenue sharing is nonmatching. I think I would want to insert a point. I think this on the one hand is one of the advantages of the program. I would contend one of the disadvantages of Federal programs is the matching aspect. By having a matching formula in the program, the Federal Government in effect is skewing very drastically the expenditure decisions at a local school district level, directing it. For instance, when the local school district is making a budget and they have a few thousand dollars to spend, it is very easy for them to expend those few thousand dollars on the purchase of equipment because they will receive matching dollars from the Federal Government rather than spending them on a teacher or some other part of a program where they have to put up all of the money themselves.

Mr. SHRIVER. Is this what they say, the administrators of these schools?

Mr. MATTHEIS. It is something they say and something I have practiced as a school administrator. That is exactly the way budgets are made. When you can see that you get extra dollars coming in, the temptation is very great to spend it on those programs rather than on programs that might in your best judgment be those programs that the school district needs.

Mr. SHRIVER. Are you increasing the budgets for these other sources to compensate for the elimination of the program?

Mr. MATTHEIS. Mr. Shriver, we are not increasing the budget for those programs. We are providing for increased discretionary authority for them to spend the money on those programs.

Mr. SHRIVER. More money or just more authority?

Mr. MATTHEIS. More authority. Discretionary authority for them to spend for equipment if they so desire.

FUNDING FOR DISADVANTAGED CHILDREN

Mr. SHRIVER. You said your intent is not to diminish the quota for disadvantaged children. Has the Office of Education been interpreting the distribution of appropriated funds in conformity with that intent? Going back to the discussion we had relative to the amount of money being distributed and the manner in which it is being distributed for title I.

Mr. MATTHEIS. To the best of my knowledge, yes, sir.

Mr. SHRIVER. A lot of school districts will be receiving less money for 1973 for the disadvantaged?

Mr. MATTHEIS. That is correct.

Mr. SHRIVER. That is in keeping with the intent?

Mr. MATTHEIS. It is, Mr. Shriver, to this degree. We are trying to put the money where the children with the problems are. In fact, the need has moved within the school districts of this country so that those original school districts that received money for title I are no longer the districts that have the same proportion of the problem, so there has been a shift. I would contend it has been one directed to the problem, to those youngsters who are educationally disadvantaged. It is a hard decision, of course, for school districts who receive less money, but it is just as hard to deny those dollars to another district that has the problem, has the children.

Mr. SHRIVER. Where do you get that information about where they are and the shift from one year?

WELFARE DATA USED IN TITLE I

Mr. MATTHEIS. A primary piece of information that is used in the title I formula is the aid for dependent children count within the States, counties, and districts. That is a statistic which is updated each year for the program and one that we are very well aware of. We get this information from the Social and Rehabilitation Service, DHEW.

Mr. SHRIVER. The aid for dependent children?

Mr. MATTHEIS. That is a county figure that is received through the welfare system.

Mr. Fairley, would you expand a little bit on the change in the population of the students and the rationale for it?

Mr. FAIRLEY. Annually we get data in the Department that would reveal the latest count of the kids on welfare. The count is updated annually and used in determining where the money will go.

Mr. SHRIVER. It is based upon those coming from welfare families?

Mr. FAIRLEY. Yes, sir, that and the 1960 census data.

Mr. SHRIVER. That is a long time ago. Would it be dependable——

Mr. MATTHEIS. The census data is a constant figure. The welfare one is updated each year.

Mr. MICHEL. Would you yield?

AVAILABILITY OF 1970 CENSUS DATA

When does the 1970 census come into play? I recall bugging Dr. Marland on this and saying, "With all the money that we are giving you for updating statistics, how long does it take us to catch up with the fact we took an annual census in 1970 and here you are in 1973?"

Mr. MATTHEIS. The 1970 census data is just becoming available and there is another reason that is critical. We alluded yesterday to it in testimony. That is the 1970 census data would cause such dramatic shifts in pupils and dollars around the country that it needs a further airing and open discussion before it is implemented. That is a part of the picture with regard to the 1970 census data.

REPORT TO CONGRESS ON IMPLICATIONS OF 1970 CENSUS DATA

Dr. EVANS. We might add a word to that. As Mr. Matteis indicated, we put tremendous pressure through Dr. Marland on the Census Bureau to get that data to us. It turned out there were, as a result of competing priorities, demands for other data, and the Census Bureau was not able to deliver to us the data to make the necessary recomputations until just this past December. You may recall the Congress asked for a report from the Office of Education on the implications of the 1970 census for title I.

That report was just recently delivered to the Congress. It probably has arrived here within the past few days. We did, as expeditiously as we could, conduct a fairly complex analysis on the consequences of using the 1970 census data and prepared a number of alternative allocation patterns. That material is now in the hands of the Congress. The other element different from the one we have been talking about that needs to be considered here is that the Congress itself gave an expression of their views that the Office of Education should not make use of the 1970 census to allocate title I funds until it had examined what the implications of the 1970 census would mean.

Mr. MICHEL. I remember that and I thought it was ridiculous from that standpoint. If the census means anything at all and we are required by law to take one every 10 years to find out how many people we have and then ignore it for any number of years because it doesn't fit into our scheme of things, I think is absolutely ridiculous.

Dr. EVANS. We would support that strongly.

Mr. MICHEL. Where did that report go?

Dr. EVANS. It went to the President of the Senate.

Mr. MICHEL. What about the House?

Dr. EVANS. It also received copies.

Mr. MICHEL. Who?

Mr. FLOOD. The Architect of the Capitol.

Dr. EVANS. The Speaker of the House received copies.

Dr. OTTINA. We would be pleased to supply copies to the Appropriations Committee.

Mr. MICHEL. We ought to have something here in the record. If this is a communication to the Congress on shifts of population, I want to know about it right now. I will tell you frankly, this idea of going on the basis of information that is 3 and 4 years old is for the birds. That is what this whole game is about. There have been shifts of population and I have no quarrel with your using the input from public aid figures. But when you compare those figures as against the shifts in the overall population you get a completely different picture. I would surely hope that in the special revenue-sharing hearings they will be going into this subject. It is very pertinent.

Mr. FLOOD. Mr. Michel, did you ever hear the expression attributed to Alexander Hamilton about the House of Representatives? "Here the people rule."

Mr. MICHEL. My personal memory of the expression only goes back to the time of Speaker Rayburn, but then my chairman has been around "for as long as the memory of man runneth not to the contrary."

Mrs. GREEN. Would my colleague yield?

Mr. SHRIVER. I yield.

Mrs. GREEN. What statute is it that requires the use of 1970 census figures—with all the ramifications?

STATUTORY REFERENCE TO USE OF 1970 CENSUS DATA

Dr. EVANS. I don't know what particular piece of legislation it was. We would have to check that.

Dr. OTTINA. My recollection is it was not a law but colloquy that revolved around the law.

Mrs. GREEN. Didn't the law require the use of the last census figures available? 1970 census figures could be used by July 1, 1972 or January 1973. I want to know how this is going to affect my district and a few others. The use of 1960 census figures in 1973 distorts the education picture drastically. Does the law say you cannot use 1970 census figures until you present to Congress the implications of changing to 1970 from 1960 in title I?

Dr. **Ottina.** I believe—and I am going to give you an impression—I believe it says the most recent available.

CONTINUED USE OF 1960 CENSUS DATA

Mrs. **Green.** Why are you still using 1960?

Mr. **Ottina.** Because we were not able to get from the Census the analysis by the counties until December and by then we had made our initial allocation for 1973 and felt it was—

Mrs. **Green.** If I understand it, you would be able to get an analysis so you would be able to distribute the funds according to the law based on 1970 census figures, but you have not had time to get the analysis of the implications and the changes; is that correct?

Dr. **Evans.** That is not exactly correct.

Mrs. **Green.** Where were we——

Dr. **Evans.** The data that would have been necessary to distribute title I funds according to the 1970 census data were not available to us until December of 1972. We had, as per instructions of the Congress in midstream of the study I spoke of, the data were transmitted to our contractor and the report has been put together and it has been transmitted to the Congress. As I indicated, it indicates the implications as well as alternative ways to go. We would not be in a position to simply make use of the 1970 census data in an automatic way according to the existing formula for any of the fiscal year 1974 funds, if that were appropriate in the light of whatever legislation exists at that time.

Mrs. **Green.** If you would yield further.

What do you mean as per instructions of the Congress? Let me quote your exact words of 1 minute ago: "We had as per instructions of Congress in midstream of the study I spoke of—the data were transmitted to them * * *".

Dr. **Evans.** — I don't understand.

Mrs. **Green.** Your statement that you just used. You said that you could have used these census figures in 1972 as per instructions of the Congress.

Dr. **Evans.** I may not have made that clear. We did not have the 1970 census data available to us until December 1972.

Mr. **Mattheis.** At which time we already made the allocations to the States for the second quarter of this fiscal year. Half of the allocations for the fiscal year had been made to them prior to getting the 1970 census data.

Mrs. **Green.** You could be distributing it on the 1970 census figures now except that you have used the words "as per the instructions of the Congress" you have to send up what the implications will be?

Dr. **Evans.** What I meant was the Congress intended that the funds should be distributed using the most recent census data. That was not possible to do for 1973 because of the late receipt of data that I indicated. We could not have complied with the sense of the law to use the

1970 census data for 1973 distribution because it was not available in 1972 until after which time the initial distribution had been made.

Mr. **Michel**. If you would yield.

I remember an exchange on the floor that moved me to the extent that I wrote Dr. Marland and said, "Well, would it be possible in fiscal 1973 to make an allocation for the first half on the basis of 1960 and the second half of the fiscal year on the basis of the 1970 census?

I got kind of a nebulous response which I will be glad to place in the record at this point. I think it is very appropriate.

Thank you.

[The information follows:]

Department of Health, Education, and Welfare,
Office of Education,
Washington, D.C., July 31, 1972.

Hon. Robert H. Michel,
House of Representatives,
Washington, D.C.

Dear Mr. Michel: As you know sec. 102 of Public Law 91-230 required a study of the allocation of funds under title I of the ESEA which was to be reported to the Congress by March 31, 1972. It further indicated that 1970 census data could not be used in title I allocations before July 1, 1972.

At the time this provision was being discussed (1970), we had every assurance that the detailed 1970 census tapes necessary for the analysis in the report and the title I allocation would be ready in ample time to meet the specified dates. In making the required March 31 report this year, I indicated to the Congress that we had not received the necessary data for allocation analysis and that we would have to file a supplemental report later in the year.

We face another problem now that appropriation action by the Congress for fiscal year 1973 is imminent. We do not feel it would be fair or in the best interests of education to delay the allocation of title I funds for any extra period beyond the normal appropriation process. As a matter of fact, we should be ready to act on the continuing resolution authority if there is much further delay in appropriations so that local educational agencies will be able to plan for the school year beginning in September.

Based on recent conversations with the Bureau of the Census, the earliest date on which we can expect to receive the necessary 1970 census tapes is September 1. If our past experience is any guide, it may well be later. We feel that the congressional intent of sec. 102 of Public Law 91-230 was to give your committee and the Congress an opportunity to review the effects of 1970 census data on the title I allocation before they were actually put into use. Under the provisions of sec. 102 you would have had 3 months for such consideration.

To use 1970 census data for the fiscal year 1973 allocation and still follow this intent would delay the allocation to the latter part of the fiscal year. Even assuming that the above was not congressional intent, moving ahead with the use of 1970 data would delay the allocation until the middle of the fiscal year.

In reviewing the full implications of all possible actions, I have determined that we should continue to use 1960 census data for the fiscal year 1973 allocation. This will allow us to expedite the allocation of title I funds with minimum delay, give us an opportunity to provide a fully thought-out report to you on the effects of the 1970 census data, and assure you an ample period of consideration before the 1970 census data are applied to the title I allocation.

Please let me know if you find difficulty with the approach I have outlined.

With best regards,

Sincerely,

S. P. Marland, Jr.,
U.S. Commissioner of Education.

REDUCED FUNDING UNDER TITLE I IN 1973

Mr. **Shriver**. In the list of States and amount of money that they were receiving under title I, placed in the record earlier, I note this and I am looking at that list of States: Pennsylvania will be receiving about $1½ million less than in 1972. Oregon about $1 million less than it received in 1972. New Jersey will be receiving less than it received in 1972. Kentucky will be receiving almost $5 million less than it received in 1972. Kansas will be receiving $1 million less than it received in 1972. Virginia will be receiving almost $2 million less than in 1972. I point to these States because these States are represented by members of this subcommittee.

Mr. Miller, you say it would be necessary, if money were appropriated and allocated in accordance with the same amount they received in 1972, to have money added in the supplemental. Why?

Mr. **Miller.** I didn't say it would be necessary, Mr. Shriver. It is just, if I recall the colloquy correctly, if you put language in the supplemental or as a joint resolution which established the floor provision with the same amount of money, what would be likely to happen would be that then you would get a shift and States that now gain money would be losing money under the reallocation. You would almost surely be pressured to make good on that.

Mr. **Shriver.** When we had the supplemental up for discussion on the floor of the House on February 21, 1973, Mr. Perkins said, "Am I correct" when he was talking to Mr. Mahon "with respect to Title I, Elementary and Secondary Education Act, even though the fiscal year 1972 level was $1,597 million and the budget request was $1.597 billion, the continuing resolution being considered now appropriates $1.810 billion for title I?"

Mr. Mahon said, "The gentleman's question relates to the availability of funds under the continuing resolution? The continuing resolution provides that the executive branch will proceed under the lowest version of the bill which passed the House and Senate in June of last year.

"The figure given by the gentleman of $1.810 billion for fiscal year 1973 in the gentleman's question is correct."

That was fully discused there.

Mr. **Miller.** It was.

Mr. **Shriver.** There is plenty of money?

Mr. **Miller.** There is no question about congressional intent and interpretation of the continuing resolution. As I responded to Mr. Michel yesterday, we have still under review and will be submitting a plan to the Office of Management and Budget for spending under the continuing resolution, and hopefully we can inform this committee at that time. If in fact that interpretation were the same as the spending plan, you would still need the floor provision. No State would lose money under that.

Mr. **Shriver.** Thank you, Mr. Chairman.

Mr. **Flood.** Mr. Patten?

REDUCTION IN BILINGUAL EDUCATION

Mr. **Patten.** Thank you, Mr. Chairman.

I will confine myself to one subject, bilingual projects.

I see that you have nice projects in Stockton, Calif., Dade County, Fla., and over in Berkeley, Calif., and in Houston.

My town has 8,000 Puerto Ricans, and when you get a Puerto Rican child 6 years old in the first grade in September she bawls and turns around and goes home; everything is strange to her. She cannot speak a word of English. Our people feel that we are not getting a fair shake at the few dollars that you put up here. It is few, you know. You are cutting it another $16 million. It is going to be less money unless out of the educational revenue sharing our local community will use it for bilingual instruction.

Mr. Secretary, we have all kinds of tax problems and, take my word for it, we just feel we don't get a square deal. I wondered if to help me answer my people you could give me a breakdown of where this bilingual money is going so I can make a little study of it or have your man try to straighten us out. You have been wonderful to us as we ask for information from your department. Maybe you have millions of Mexicans in California and Texas and we are not important, but you know, I think about 2 million Puerto Ricans came in through New York. That is a lot of people and we have them. Last month they were parading 2,000 strong in my town on the board of education hearings. We had all kinds of trouble.

My people feel that they should get more bilingual money that they need. That is my comment.

Looking at these figures, I don't think we are going to get much change unless these 70 projects that you have on a 5-year cycle are going to be discontinued. Maybe there is no hope for us.

FUNDING LEVELS FOR BILINGUAL EDUCATION

Mr. **Mattheis.** Mr. Patten, there is hope I would hope to give to you. For the record, I would want to indicate that the bilingual education program only calls for a minimal change in budgetary allowances. Where we had $35,080,000 this year, we are requesting $35 million. It is a minimal rounding of figures for the bilingual program. The reduction you mentioned of $16 million was related to the follow through program. Those two programs are running side by side. The bilingual program is going to go on at approximately the same level.

With regard to the projects, though, and we have stated this earlier, we have stated for the record that in the inception of the program the projects were largely directed to the southwestern part of this country. In the last few years we have substantially redirected many of the projects. We have encouraged them. We have provided technical assistance to the States and local school districts in the Northeast and in the East, to help them develop projects. I think that there is a real opportunity. In addition, in the Emergency School Aid Act there is a set aside of 4 percent for bilingual education, which provides for nearly $10 million of additional programs directed to bilingual education. They have a qualification attached to them in that they must be a part of a school district proposal to reduce racial isolation.

Nonetheless, money is there for bilingual education for the school districts. In addition, there is expected to be some program funding in the National Institute of Education in the area of bilingual education. It is an expanding area rather than a declining one.

If I could maybe have Dr. Pena respond. We would want to supply information on projects for the record.

Mr. **Flood.** Suppose you do that for the record.

[The information follows:]

Bilingual projects in the State of New Jersey

Location:	*Cumulative amount of funds received to date*
Vineland (consortium)	$1,461,919
Jersey City	
Newark	
Perth Amboy	
Lakewood (consortium)	806,910
Elizabeth	
Paterson	
New Brunswick	90,000
Union City	519,890
Total	2,878,719

Mr. **Flood.** Mr. Robinson?

Mr. **Robinson.** Thank you, Mr. Chairman.

PHASING OUT THE FOLLOW THROUGH PROGRAM

With regard to Follow Through, on page 25 of the justifications you discuss the program and phasing it out on a 1-year-at-a-time basis. At the end of your discussion in paragraph 2 under plans for fiscal year 1974, you mention that you want to reduce the average cost per student in these projects to the maximum level of $600. What is the present level?

Mr. **Mattheis.** We have some projects spending over $900 per pupil in the Follow Through program. The average is presently $617.

Mr. **Robinson.** How many Follow Through projects are there in operation at the present time?

Mr. **Mattheis.** 173 located throughout the country. At least one in each State.

TITLE III, ESEA, EXEMPLARY PROJECTS

Mr. **Robinson.** Several questions on title III.

I refer back to a discussion that you had the day before yesterday regarding the fact that there are good programs in the country that deserve to be disseminated. Title III has as one of its objectives mentioned on page 16, to fund innovative and exemplary projects. You mentioned the accomplishments of 1972 and 1973, and there are 1,629 such projects in 1972 and 1637 in 1973. When we refer to the next page, 17, you mention the highlight in the fiscal year 1972 being an educational fair. This educational fair in 1972 featured 30 exemplary practices. Does this imply that out of all these 1,600 projects you are only able to identify 30 that are exemplary, that are worth disseminating?

Mr. **Mattheis.** No; not at all. These are the 30 best, as our people went out and visited them, conducted evaluation studies of them. These are the 30 best we could find. This is not to say that the others are necessarily failures. It is simply in our judgment these are the cream of the crop. We brought them in here. As a matter of fact, I could expand upon that a little bit. The educational fair was a very interesting as well as important activity for us last year. We hope to improve upon it this year and we intend on having another one. As we see it, the real benefit in dissemination of these programs is not one of national educational fairs. As a matter of fact, we are already in the process of moving to having regional fairs, and some States, particularly California, have taken the initiative of having a State fair so that they can have people in greater proximity get in to see these educational programs that are really making a difference. We got the thing started here at the national level but we are trying to get the regions and States to pick up this type of activity by identifying what in their judgment are the best educational practices around and calling people's attention to them. Having them put on display and having visitors come in and see what they are doing, what it takes to get them started, what the funding is, and so on. We think it is a very good activity, indeed.

DISSEMINATION OF EXEMPLARY PROJECTS

Mr. Robinson. You say there are others that are exemplary beyond the 30 mentioned here. What happens in terms of the dissemination that they get?

Mr. Mattheis. There are dissemination activities both at the State and National level with regard to the projects. There are published documents which tell a great deal about the various activities. Project reports are sent to ERIC where they are classified by subject area and forwarded to an ERIC clearinghouse for appropriate dissemination. There is dissemination literally of all of the projects. There is more of the better ones but there is dissemination of all of them.

Dr. Ottina. The ERIC system Mr. Mattheis referred to is the responsibility of NIE. The Congress decided that the National Center for Education Communications, which was the primary dissemination arm of the Office of Education, which included the ERIC system, should be an integral part of NIE. That whole system moved from the Office of Education to NIE last August.

Mr. Robinson. Does this imply there is some kind of dissemination with all 1,600 of these projects? Are some of them weeded out as unworthy and forgotten?

Mr. Mattheis. Even that, if they are identified to be poor and unsuccessful, would be disseminated as well. There is dissemination of all kinds. First of all, these projects in a given State are known by most other school districts in the State. Professional education meetings around the State, provide a forum for disseminating what the project is doing, whether it was successful or not. There is that kind of dissemination. NIE, with the ERIC system, provide another type of dissemination. There is a variety of dissemination activities with regard to nearly all of the projects, if not in fact all of them.

VALIDATING PROJECT QUALITY

Mr. Robinson. This program appears to me, to only feature 30 and that seems like a remarkably small number of a total of 1,600.

Mr. Mattheis. I would say, Mr. Robinson, with regard to that, one of the reasons for this is it becomes a logistic problem of no small amount to first of all make very sure that when the Office of Education puts its stamp of approval on it it is a very highly qualified project. There is a process to really validate the best there is. Then it is a matter of assembling them. This amounts to equipment, people, housing the projects in a facility where people can get a look at them. It is a small group, a select group. It is difficult to get a larger one in a single assemblage. We would hope that States could have a similar assemblage where they might have 30. If each State had 30, we would have 1,600 covered.

Mr. ROBINSON. You mentioned that you conduct visits to 100 or more such projects, which would indicate that you visit only a small proportion of these projects with reference to such validation process?

Mr. MATTHEIS. That is correct. The reason for this is that obviously it would be probably impossible to visit all of them. We ask for a recommendation of the best projects from the State which is the administering authority for these projects. The States make recommendations and then we visit what we consider to be the 100 best nominated.

Mr. ROBINSON. I believe it would be reasonable to have a table and a set of figures. I would like to know whether these projects are in terms of the ones that are presently being funded, how much they cost, and what the total cost of this title III program has been, which you mentioned is funded through 1973, authorized through 1973. How much has it cost us back through the years?

[The information follows:]

Funding for ESEA III since start of the program

Year:	*Appropriation*
1966	$75,000,000
1967	135,000,000
1968	187,876,000
1969	164,876,000
1970	116,393,000
1971	143,393,000
1972	146,393,000
1973 ($146,393,000 requested)	171,393,000
Total	1,140,324,000

1972 ESEA III STATE SELECTED PROJECTS

	Total active projects	Appropriation funding for grants for LEA's [1]	Projects for Fair: Number nominated by States	Projects for Fair: Validated
Alabama	26	$1,983,748	2	
Alaska	5	331,168		
Arizona	26	1,075,408		
Arkansas	18	1,181,108		
California	140	9,894,022	7	1
Colorado	18	1,252,897	2	1
Connecticut	11	1,647,184	5	2
Delaware	19	448,214	3	1
District of Columbia	9	558,594	1	
Florida	29	3,319,486	2	1
Georgia	20	2,560,821	1	
Hawaii	5	577,254	1	1
Idaho	6	547,527		
Illinois	57	5,683,912	3	2
Indiana	61	2,777,104		
Iowa	26	1,607,179	1	1
Kansas	28	1,345,764		
Kentucky	8	1,813,284	1	1
Lousiana	11	2,146,620		
Maine	10	661,722	4	1
Maryland	12	2,088,238	7	1
Massachusetts	38	2,850,990	7	1

1972 ESEA III STATE SELECTED PROJECTS—Continued

	Total active projects	Appropriation funding for grants for LEA's[1]	Projects for Fair: Number nominated by States	Projects for Fair: Validated
Michigan	33	4,719,566	1	
Minnesota	35	2,101,557	1	1
Mississippi	14	1,421,374		
Missouri	19	2,497,912	1	1
Montana	19	532,198	1	
Nebraska	27	910,153	1	
Nevada	7	407,654		
New Hampshire	13	528,647		
New Jersey	52	3,686,873	6	
New Mexico	19	734,318	2	2
New York	78	9,003,459	15	1
North Carolina	39	2,795,934	9	1
North Dakota	11	496,966	1	
Ohio	78	5,615,456	5	2
Oklahoma	16	1,436,003	3	
Oregon	23	1,189,148		
Pennsylvania	69	5,920,081	6	1
Rhode Island	50	612,774	4	1
South Carolina	53	1,581,887	3	
South Dakota	22	519,138	1	
Tennessee	14	2,161,689	1	1
Texas	84	6,040,816	3	2
Utah	9	742,850	3	
Vermont	21	389,997	1	1
Virginia	36	2,521,056	5	
Washington	57	1,859,451	2	1
West Virginia	19	1,062,871	1	1
Wisconsin	42	2,349,508	1	
Wyoming	26	340,546		
American Samoa	5	118,657		
BIA	12	256,866		
Guam	5	173,420		
Puerto Rico	29	2,491,674		
Trust Territory	5	195,972		
Virgin Islands	5	135,860		
Total	1,629	113,904,555	126	30

[1] Fiscal year 1972 funds only.

Educational Fairs 1972 projects

Project title and location	*Average yearly cost*
Diagnostic Reading Clinic, Cleveland, Ohio	$171,304
Cross-age Teaching, Ontario, Calif	60,000
Follow Through, Brooklyn, N.Y	104,343
Remedial Reading Laboratories, El Paso, Tex	313,020
Urban Education Reading Program, Kansas City, Mo	1,058,477
Model Early Childhood Learning Program, Baltimore, Md	1,043,795
Elementary School Physical Fitness, Pullman, Wash	37,305
Specialized Language Activities for the Rural Disadvantaged, South Paris, Maine	26,876
Project Conquest (remedial reading), East St. Louis, Ill	554,310
Language Skills Program (Hawaii English Project, HEP), Honolulu, Hawaii	270,000
Bilingual Bicultural Demonstration Center, Silver City, N. Mex	56,400
Developmental Resources Center, Cheshire, Conn	67,333
Follow Through Program, Las Vegas, N. Mex	136,714
Home Start II, Waterloo, Iowa	43,275
Cooperative Individualized Reading Project (CIRP), Westport, Conn	164,000
Project MARS (Make All Reading Serviceable), Leominster, Mass	33,806
To Improve Reading Performance, Salt Lake City, Ogden City, and Uintah School districts, Utah	131,000
Preschool Developmental Project, Murfreesboro, Tenn	26,750
Central Cities Educational Development Center, Fort Worth, Tex	500,000
Outdoor Education Conference and Service Center, Raleigh County Schools, W. Va	50,267

Differential, Oral, Visual, Aural, Computerized Kinesthetic (DOVACK) Method for Teaching Reading, Alachua County, Fla	50, 200
"I" Project for Educationally Handcapped, Cherry Creek, Colo	53, 289
Career Study Center, St. Paul, Minn	87, 500
Project Gifted, Cranston, East Providence, and Warwick, R.I	115, 131
Multisensory Approach to Learning Disabilities, Lincoln, Ill	93, 273
Developing Curricula for Meeting Modern Problems of Youth: Drugs, Alcohol, Tobacco, Dayton City, Ohio	109, 747
Summer Happening, Millersville State College, Millersville, Pa	30, 600
The Sea Beside Us, Milford, Del	39, 330
Team Approach to Reading Problems, Bullitt County, Ky	96, 398
School/Community Cooperative Environmental Studies (ESP), Beaufort, N.C	140, 000

Mr. ROBINSON. That is all.

Mr. FLOOD. Mr. Smith.

FUNDING PLAN FOR FOLLOW THROUGH PROJECTS

Mr. SMITH. Thank you.

On follow through, your proposal is that you eliminate money for the children who would be coming in at the entry level and continue the others?

Mr. MATTHEIS. If I may, in September of 1973, some of the projects will be starting a new group of kindergarten children and some of them will be starting a new group of first graders. They will be entering this fall. Next year there will not be a new entering group, but rather the projects will then have grades 1, 2, and 3 in some and grades 2 and 3 in others. In fiscal year 1977, the projects will have the last third-grade group in them.

Mr. SMITH. If at the time we mark up this bill, there is no special revenue sharing, would we need to put in the money for the entry level?

Mr. MATTHEIS. These are not included in special education revenue sharing. The bilingual and the follow through programs are not included in that. They are a separate budgetary item.

Mr. SMITH. Are you expecting the local districts to devote special revenue-sharing money to follow through?

Mr. MATTHEIS. We would hope and encourage that. Educational practices identified and validated under bilingual or follow through would be picked up in regular school programs.

Mr. SMITH. Thank you.

Mr. FLOOD. Mr. Obey.

MIGRANT PROGRAM IN TITLE I ESEA

Mr. OBEY. Thank you.

On migrant kids, could you describe to me briefly how you go about identifying which kids are going to be served?

Mr. MATTHEIS. There is a formula and history to it. Mr. Fairley will respond to that.

Mr. FAIRLEY. The migrant figure in 1972 was around $65 million. This money goes to the State and the State department of education has the responsibility for identifying the youngsters that a State has and putting together a program for those youngsters. In some cases that has been by local school districts. In other cases by the State department of education.

Mr. OBEY. What has your experience been in terms of the ability of each State to identify the kids in question?

Mr. FAIRLEY. I feel most States do a pretty good job of identifying migrant kids. We do have, I think, one State that has a problem, the State of Rhode Island. I think they have only identified about seven kids there. We find in the other States that they do a pretty good job of identifying them.

Mr. OBEY. How many kids are there in the migrant stream; do you know?

Mr. FAIRLEY. I think about 300,000, but I would like to supply that for the record.

[The information follows:]

Number of Children in Migrant Streams

There is no single source of data which provides a count of migrant children. Estimates vary considerably. For example, the Senate Subcommittee on Migratory Labor used an estimate of 800,000 children under the age of 14 that work in agriculture and related crop activities in their 1969 report. Miss Cassandra Stockburger, executive director of the National Committee for the Education of Migrant Children estimates that there are approximately 700,000 children of agricultural migrant workers ages 5–17.

The migrant transfer record system recorded its highest student number of 393,975 on March 19, 1973. A validated count for 1973 of children served in the migrant program is $320,000. An estimate of the number to be served in 1973 is 350,000.

PARTICIPATION OF MIGRANT CHILDREN

Mr. OBEY. Your justification says over 300,000 kids have participated in 1973.

Mr. MATTHEIS. That is the figure, 300,000 would be the number participating in 1973.

Mr. OBEY. My question is, What percentage is that of the entire potential population?

Mr. MATTHEIS. That I don't have but we can supply it for you.

Mr. OBEY. Do you have any idea?

Mr. MATTHEIS. I don't at this juncture.

Mr. FAIRLEY. We do have a migrant record transfer system that is going into most States, that we hope will serve as a means for identifying more migrant kids.

Mr. OBEY. Are these programs zeroed in on the kids whose parents are staying in the migrant stream or do you also have programs for kids whose parents drop out of the stream and stay withi a State like mine?

Mr. FAIRLEY. This migrant record branch system would identify migrants moving within a State and those that go out of the State.

Mr. OBEY. Maybe I didn't get the answer clearly. My point is that, are these programs just zeroed in on kids whose parents remain migrant workers or do you also have programs zeroed in on kids whose parents decide not to go back to Texas and stay in Wisconsin and get out of the migrant area; what happens to those kids?

Mr. FAIRLEY. In most cases where the kids get out of the migrant stream they are picked up by the LEA who administer title I program.

Mr. OBEY. This does not cover those kids?

Mr. FAIRLEY. No, it does not.

TITLE I—SPECIAL INCENTIVE GRANTS

Mr. **Obey**. A question for my own benefit. In the justifications on page 15 under part B, special incentive grants, you say that special incentive grants are available to those States whose effort index is greater than the national index. What do you use to determine that effort?

Mr. **Mattheis**. I am not sure what our source is.

Mr. **Fairley**. We use data from the States on that.

Mr. **Obey**. What kind of data? What do you use to determine the effort? How do you define it?

Dr. **Ottina**. If I understand your question, you are concerned about the word "effort" and whether it means effort or whether it just means dollars?

Mr. **Obey**. Yes.

Mr. **Fairley**. I think it means dollars spent per child.

Dr. **Ottina**. It is not an indice of effort. In other words, how much could someone do and what percent are they doing?

Mr. **Obey**. This is a raw dollar figure rather than percentage of personal income or something like that?

Dr. **Ottina**. That is right, a raw dollar figure.

Mr. **Obey**. Is that really an accurate index of effort?

Mr. **Fairley**. It is the data required by the formula.

Mr. **Mattheis**. The effort would be the increase from the preceding year. One can get into very complicated formulas to determine effort based on the wealth of a State, and so forth. This is geared to the dollar increase from one year to another per elementary and secondary student.

Mr. **Obey**. In your own personal judgment, do you think that is a sufficiently sophisticated index?

Mr. **Mattheis**. I am sure one could devise more sophisticated instruments, but I think it is a reasonable one to use without getting into a very complicated formula.

Mr. OBEY. What worries me sometimes is that I see these general education bills being tossed around now in some people's minds and they are often just geared to dollars spent. I am not certain that dollars spent is an indication of what true effort is in any given area.

Dr. OTTINA. We would quite agree with you, and have attempted many times to look at the particular problem in terms of per capita income, percent of that devoted to education, percent of tax levy, wealth base of the district, and feel very much as you do, that the dollars spent is not a good measure of effort.

Mr. OBEY. Is the index that you use specified by the law or is that your own choice?

Mr. MATTHEIS. I believe it is specified by the law, unless someone can correct me.

Mr. OBEY. Would you insert in the record exactly what the situation is on that point?

Mr. FAIRLY. Very glad to.

[The information follows:]

EXPLANATION OF PART B, TITLE I, COMPUTATIONS

ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965, PUBLIC LAW 89-10 AS AMENDED—TITLE I, ASSISTANCE FOR EDUCATIONALLY DEPRIVED CHILDREN

Basic data for part B—Incentive grants; fiscal year 1973

The figure is developed by dividing the expenditure of funds from State and local sources by total personal income to develop an effort index. The percentage points that this exceeds the national effort index is multiplied by the number of children 5 to 17 served by the county and the State agencies to provide $1 for each .01 percent above the national effort index.

National effort index:

(*a*) Expenditure of funds from State and local sources	$34, 920, 437, 142
(*b*) Total personal income, 1971	$857, 083, 000, 00
(*c*) National effort index (percent): $34,920,437,142÷ $857,083,000,000	4.0

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education
Elementary and Secondary Education Act of 1965, P.L. 89-10 As Amended
Title I, Assistance for Educationally Deprived Children

Basic Data for Part B - Incentive Grants
Fiscal Year 1973

	(1) Expenditures of Funds From State and Local Sources 1/	(2) Personal Income 1971 2/ (millions)	(3) National and State Effort Index Col. 1 Divided by Col. 2	(4) States Above National Average and % Above	(5) Total County and State Agencies Children 5-17 Population FY 1973	(6) Authorization Col. 5 X $1 for Each .01% of Col. 4	(7) FY 1973 Amount Available 3/
TOTAL	$34,920,437,142	857,083	4.07		8,852,796	157,372,315	8,214,916
Alabama	362,323,541	10,765	3.37	0	250,054	-0-	-0-
Alaska	88,086,858	1,525	5.78	1.71	11,753	2,009,763	182,377
Arizona	279,865,369	7,287	3.84	0	64,487	-0-	-0-
Arkansas	193,736,855	6,005	3.23	0	154,254	-0-	-0-
California	3,813,655,671	94,118	4.05	0	827,078	-0-	-0-
Colorado	386,341,272	9,457	4.08	.01	79,770	79,770	7,239
Connecticut	618,768,882	15,322	4.04	0	76,070	-0-	-0-
Delaware	115,439,562	2,610	4.42	.35	16,283	569,905	51,716
Florida	965,519,512	27,611	3.50	0	202,806	-0-	-0-
Georgia	598,778,989	16,786	3.57	0	293,718	-0-	-0-
Hawaii	151,120,158	3,694	4.09	.02	23,661	47,322	4,294
Idaho	99,828,171	2,511	3.98	0	21,870	-0-	-0-
Illinois	2,054,217,827	53,400	3.85	0	441,398	-0-	-0-
Indiana	864,926,257	21,120	4.10	.03	141,695	425,085	38,575
Iowa	527,148,031	11,088	4.75	.68	105,947	7,204,396	653,767
Kansas	346,566,934	9,460	3.66	0	69,756	-0-	-0-
Kentucky	352,257,202	10,830	3.25	0	231,637	-0-	-0-
Louisiana	511,904,427	12,010	4.26	.19	230,368	4,376,992	397,192
Maine	154,967,837	3,416	4.54	.47	42,059	1,976,773	179,383
Maryland	736,755,052	18,119	4.07	0	126,509	-0-	-0-
Massachusetts	1,033,161,596	26,283	3.93	0	179,445	-0-	-0-
Michigan	1,911,809,745	39,850	4.80	.73	347,176	25,343,848	1,232,237
Minnesota	828,871,508	15,564	5.33	1.26	131,130	16,522,380	1,232,237
Mississippi	204,377,017	6,273	3.26	0	260,125	-0-	-0-
Missouri	629,460,644	18,587	3.39	0	173,042	-0-	-0-
Montana	128,884,927	2,575	5.01	.94	23,210	2,181,740	197,983
Nebraska	244,850,442	6,077	4.03	0	53,133	-0-	-0-
Nevada	85,508,976	2,460	3.48	0	6,945	-0-	-0-
New Hampshire	108,249,770	2,877	3.76	0	15,171	-0-	-0-
New Jersey	1,481,603,554	35,146	4.22	.15	251,157	3,767,355	341,870
New Mexico	161,645,779	3,448	4.69	.62	56,113	3,479,006	315,704
New York	4,461,624,158	91,742	4.86	.79	831,851	65,716,229	1,232,237
North Carolina	642,122,753	17,661	3.64	0	378,993	-0-	-0-
North Dakota	87,258,010	2,222	3.93	0	31,657	-0-	-0-
Ohio	1,646,696,092	44,833	3.67	0	318,672	-0-	-0-
Oklahoma	324,119,056	9,140	3.55	0	123,255	-0-	-0-
Oregon	402,382,654	8,470	4.75	.68	60,946	4,144,328	376,079
Pennsylvania	1,946,184,325	49,369	3.94	0	453,339	-0-	-0-
Rhode Island	149,221,510	3,957	3.77	0	32,631	-0-	-0-
South Carolina	292,953,040	8,274	3.54	0	218,674	-0-	-0-
South Dakota	102,320,593	2,321	4.41	.34	40,098	1,363,332	123,716
Tennessee	438,171,558	13,183	3.32	0	227,902	-0-	-0-
Texas	1,537,791,173	42,582	3.61	0	537,165	-0-	-0-
Utah	170,100,832	3,768	4.51	.44	29,518	1,298,792	117,860
Vermont	81,038,285	1,650	4.91	.84	16,550	1,390,200	126,154
Virginia	683,541,483	18,400	3.72	0	231,740	-0-	-0-
Washington	662,668,082	14,221	4.66	.59	100,689	5,940,651	539,087
West Virginia	215,815,744	5,789	3.73	0	125,771	-0-	-0-
Wisconsin	837,977,247	17,496	4.79	.72	118,580	8,537,760	774,764
Wyoming	69,042,782	1,331	5.19	1.12	8,899	996,688	90,445
District of Columbia	128,775,402	4,418	2.92	0	58,046	-0-	-0-

1/ National Center for Educational Statistics

2/ Total Personal Income, 1971. U.S. Department of Commerce

3/ Authorization amount ($157,372,315) reduced to 1973 estimated Title I, ESEA appropriation ($1,585,185,000), with no State receiving more than 15% ($1,232,237) of the total amount available for Part B - Incentive Grants.

STRENGTHENING STATE DEPARTMENTS OF EDUCATION

Mr. OBEY. What does this mean on page 18, bottom of the page, No. 2, "over half of the State departments have established definitive objectives on an annual basis for all of the activities of the agency"? What about the other half?

Mr. MATTHEIS. I think one would say they are in various stages of this degree of sophisticated planning of their activities. We have consciously through title V and other areas of technical assistance, including title I, tried to get States into this type of planning mode. This would indicate that half of them have achieved a level of planning——

Mr. OBEY. Would you put in the record which half, which States they are?

Mr. MATTHEIS. If it is available. I am assuming this is documented evidence. If it is, we will.

[The information follows:]

LIST OF STATES INVOLVED

A recent report of the cooperative accountability project, funded under section 505 of title V, reported that 34 States have established definite objectives for elementary and secondary education including learner outcome goals, process goals, and institutional goals. States listed as being involved in this process are:

Alaska, Arizona, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Nebraska, Nevada, New Jersey, New Mexico, New York, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, and Wyoming.

The remaining States have established units for planning but at the time of the report had not published or formally adopted goals.

CHILDREN BENEFITING UNDER BILINGUAL PROGRAMS

Mr. OBEY. On page 21, I am curious about what the figures mean in the middle of the page. Mr. Smith pointed out the other day that the expansion of numbers served may not mean much. You say the number of pupils served under bilingual has risen from 106,000 in 1972 to 143,000, and yet the total dollars per pupil have declined from 298 to 219. What accounts for the decline in dollars per kid?

Mr. MATTHEIS. I am not sure.

Dr. PENA. As we progressed to materials developed and pupils trained, some of the money that we used for these purposes initially, especially development, would decrease at the time of the fourth and fifth year of operation. As far as the increment from 106 to 143, we have an expansion of our project at one level each year. If they start in the first grade and go to the fourth grade level, we have to include those children plus the children we are picking up again at the first-grade level. That accounts for the increase from 106 to 143.

Mr. OBEY. Your contention is that there is no actual decline in effort per kid implied in those figures; is that correct?

Dr. PENA. Yes, sir.

FOLLOWTHROUGH ACTIVITIES IN THE FUTURE

Mr. OBEY. On page 25 you say, "what is learned from the Follow Through program will be used to improve education for disadvantaged children through larger service programs, such as special education revenue sharing." With the dropping of Follow Through, does that imply that there will be a larger contribution in future years for special revenue sharing from the Federal Government for this purpose?

Mr. Mattheis. No. What we would indicate by these comments, Mr. Obey, is that what we are hoping with the Follow Through program is to identify, validate, and research successful educational practices for these children in the early grades in elementary school. Once this is determined, then we would hope to make this information available to States and school districts. We would hope they would then use those practices in their very large programs for the education of the disadvantaged, which will be a portion of the education revenue-sharing program. It is a transfer from a research and development program to one of programmatic service to a group of children.

Mr. Obey. I understand that, but my point is that these Follow Through programs cost dollars, don't they?

Mr. Mattheis. Yes, sir. We would hope that our experience with Follow Through would teach them ways in which they may spend their money, that they are already getting, in better ways for education of children. They would have to change their program. It is not an add-on, but we would hope to have them change their programs for the education of disadvantaged in the education revenue-sharing package. Not added on top of the present programs they are running, but rather change those programs that are presently in place.

Mr. Obey. How widespread throughout the school districts is the Follow Through program?

Mr. Mattheis. We have 173 projects throughout the country in Follow Through. One in each State.

Dr. Ottina. About 16,000 operating school districts in the Nation. That gives you a proportion there. There is at least one in each State. Obviously when we get the research data in we would hold it to be a very important part of that activity to disseminate information with regard to Follow Through to the States and local school districts as to the worth of the programs.

Mr. Obey. It is your contention that if the principles or procedures which seem successful in Follow Through experiments are then carried out generally throughout the school systems in the country, that that does not imply even a $1 increase in costs to deal with those kids?

Dr. Ottina. No. I would again contend it would imply, and emphatically hope, that those present dollars and future dollars be redirected in the way of Follow Through practices. It does not imply additional dollars necessarily.

Mr. Obey. I wonder if that is true. It seems to me that——

COST IMPACT AFTER DEMONSTRATION PHASE

Mr. Miller. Could I make one comment?

You are on a point that is central and has been for many years to the Federal budget where there have been many programs designed as demonstrations with a view toward phasing out the Federal contribution once something that is demonstrated has proven to be useful. Once this occurred, I think the expectation has been always that the local and State communities will pick it up with their own funds.

Mr. Obey. I understand that.

Dr. OTTINA. Possibly in place of something else, possibly to revive something we are already doing. It may cost them more money.

Mr. OBEY. I understand that. That is what I am trying to get at. It is very difficult for me to believe that this does not imply an increase in cost on the local level. If it is true, then we get back to——

Dr. OTTINA. There is no other road for the Federal Government to travel.

Mr. OBEY. I am not arguing that point at this moment. My point is that it would seem to imply if all of the school districts in the country pick up these practices, it will cost them additional money. I assume they won't be efficient enough in all cases to make an exact transfer of dollars from a less efficient program, as somebody defines it. I think it would imply a greater requirement for local funds in the future.

Dr. EVANS. That is not necessarily the case. The notion here is that this program would hopefully produce exemplary effective models of compensatory education in the early grades. Right now each State has a broad array of resources and programs in this area, including money from the present title I from their own State compensatory education and the like. With those moneys, Federal and local and State moneys, they are carrying out compensatory education programs of one kind or another. Probably in truth many of them are ineffective. The idea is if this program can do research and demonstration, identify effective practices through the dissemination, States and localities then could substitute these presumably effective kinds of programs for other activities.

Mr. OBEY. I understand that. But my point is that you say this is not necessarily true, it will cost more money. I am taking the other end. I say it is not necessarily true, it won't. That is the only point I am trying to make.

Mr. MATTHEIS. That is entirely correct. I think it could be either way.

RELEVANCE OF 1974 BUDGET TO CURRENT PROBLEMS

Mr. OBEY. Getting back to the question again; if that is true, how good is this budget in recognizing the urgency of this problem in education at the State and local level?

Mr. MATTHEIS. At the end of the research activity we would contend that a change in the $1.5 billion effort under whatever form it is going to be in the education revenue-sharing program, to more worthwhile education programs would really be a great step in the right direction. It might not be the end and the final step but it would be a great change and a very good one.

Mr. OBEY. That is all.

Mr. FLOOD. Mrs. Green?

HEAD START AND FOLLOWTHROUGH

Mrs. GREEN. Thank you.

Head Start is for what age youngsters?

Mr. FAIRLEY. Three to five years.

Mrs. GREEN. I thought it was 3 and 4?

Mr. FAIRLEY. We don't administer that program, but I think it is 3 and 4. That is administered by somebody else.

Dr. Ottina. It is administered by the Office of Child Development.

Mrs. Green. I was under the impression it was 3- and 4-year olds. You have 174 follow through programs?

Mr. Mattheis. 173.

Mrs. Green. Could you supply for the record 173 places where they have kindergartens?

Mr. Mattheis. Yes, sir.

Mrs. Green. Places where they do not.

Mr. Mattheis. Yes.

[The information follows:]

List of Followthrough Projects

A. The following followthrough grantee locations have children who enter Follow Through in the first grade:

1. Huntsville, Ala.
2. Tuskegee, Ala.
3. Jonesboro, Ark.
4. Texarkana, Ark.
5. Denver, Colo.
6. Laurel, Del.
7. Dade County, Fla.
8. Hillsborough County, Fla.
9. Pickens County, Ga.
10. Walker County, Ga.
11. Pocatello, Idaho
12. Daviess County, Ky.
13. Owensboro, Ky.
14. Pike County, Ky.
15. Nachitoches Parish, La.
16. Vermillion Parish, La.
17. Gulfport, Miss.
18. Leflore County, Miss.
19. Tupelo, Miss.
20. Central Ozark, Miss. (Ava and Marshfield only)
21. Las Vegas, N. Mex.
22. Santa Fe, N. Mex.
23. Durham, N.C.
24. Goldsboro, N.C.
25. Johnston County, N.C.
26. Dayton, Ohio
27. Fairfield County, S.C.
28. Sumter, S.C.
29. Williamsburg County, S.C.
30. Bradley County, Tenn.
31. Chattanooga, Tenn.
32. Dekalb County, Tenn.
33. Dimmitt, Tex.
34. Fort Worth, Tex.
35. Uvalde, Tex.
36. Lee County, Va.
37. Monogalia County, W. Va.
38. Randolph County, W. Va.

B. The following followthrough grantee locations have children who enter followthrough in the kindergarten.

1. Hoonah, Alaska
2. Oraibi, Ariz.
3. Rough Rock, Ariz.
4. Tucson, Ariz. (2)[1]
5. Flippin, Ark.
6. Pulaski County, Ark.
7. Berkeley, Calif.
8. Cucamonga, Calif.
9. East Palo Alto, Calif.
10. Fresno, Calif.
11. Lamont, Calif.
12. Los Angeles, Calif.
13. Compton, Calif.
14. El Monte, Calif.
15. Oakland, Calif.
16. San Diego, Calif. (2)[1]
17. San Jose, Calif.
18. Tulare-Cutler, Calif.
19. Winterhaven, Calif.
20. Boulder, Colo.
21. Greeley, Colo.
22. Trinidad, Colo.
23. New Haven, Conn.
24. Wilmington, Del.
25. Morgan School, District of Columbia
26. Nichols Avenue, District of Columbia
27. Duval County, Fla.
28. Okaloosa County, Fla.
29. Atlanta, Ga.
30. Honolulu, Hawaii
31. Chicago, Ill. (4)[2]
32. East St. Louis, Ill.
33. Mounds, Ill.
34. Waukegan, Ill.
35. Indianapolis, Ind.
36. Lawrenceburg, Ind.
37. Vincennes, Ind.
38. Des Moines, Iowa
39. Waterloo, Iowa
40. Topeka, Kans.

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[1] This grantee location receives 2 Followthrough grants.

[2] This grantee location receives 4 Followthrough grants.

41. Wichita, Kans.
42. Louisville, Ky.
43. St. Martin Parish, La.
44. Van Buren, Maine
45. Baltimore, Md.
46. Prince Georges County, Md.
47. Cambridge, Mass.
48. Fall River, Mass.
49. Highland Park, Mass.
50. Pittsfield, Mass.
51. Roxbury, Mass.
52. Alcona, Mich.
53. Detroit, Mich.
54. Flint, Mich.
55. Grand Rapids, Mich.
56. West Iron County, Mich.
57. Duluth, Minn.
58. Montevideo, Minn.
59. Choctaw, Miss.
60. Central Ozark, Mo. (Mountain Grove only)
61. Kansas City, Mo. (2)[1]
62. New Madrid County, Mo.
63. St. Louis, Mo.
64. Great Falls, Mont.
65. Northern Cheyenne, Mont.
66. Lincoln, Nebr.
67. Washoe County, Nev.
68. Lebanon, N.H.
69. Atlantic City, N.J.
70. Lakewood, N.J.
71. Newark, N.J.
72. Paterson, N.J.
73. Trenton, N.J.
74. Gallup County, M. Mex.
75. Buffalo, N.Y.
76. East Harlem Block, N.Y.
77. Elmira, N.Y.
78. New York, N.Y. (9)[3]
79. Plattsburgh, N.Y.
80. Rochester, N.Y.
81. Cherokee, N.C.
82. Belcourt, N. Dak.
83. Fort Yates, N. Dak.
84. Akron, Ohio
85. Cleveland, Ohio
86. Martins Ferry, Ohio
87. Chickasha, Okla.
88. Shawnee, Okla.
89. Portland, Oreg.
90. Lackawanna County, Pa.
91. Lock Haven, Pa.
92. Philadelphia, Pa. (7)[4]
93. Puerto Rico
94. Providence, R.I.
95. McCormick County, S.C.
96. Rosebud, S. Dak.
97. Todd County, S. Dak.
98. Davidson County, Tenn.
99. Corpus Christi, Tex.
100. Houston, Tex.
101. Rosebud, Tex.
102. San Diego, Tex.
103. Salt Lake City, Utah
104. Brattleboro, Vt.
105. Burlington, Vt.
106. Richmond, Va.
107. Burlington-Edison, Wash.
108. Seattle, Wash.
109. Tacoma, Wash.
110. Yakima, Wash.
111. Lac du Flambeau, Wis.
112. Wood County, Wis.
113. Racine, Wis.
114. Riverton, Wyo.

LACK OF CONTINUITY IN THE LEARNING PROCESS

Mrs. **Green**. In terms of the philosophy, it has always seemed strange to me that you spend such a very large sum of money in a concentrated effort on Headstart and then, as I understand it, we forget the kid for a year after the Headstart program, either out of school in places where there is not a kindergarten or drop him back into an overcrowded classroom. I don't see any continuity in the way you have outlined the program, the continuity of effort for a child in the learning process.

Mr. **Mattheis**. Mrs. Green, I think there is an attempt. Obviously, it does not serve the total need. One of the objectives of the Followthrough program was to provide for a continuity from the early learning experience of the Headstart child into the elementary grades. The first evidence indicated there was a very marked negative effect for those children. It is not probably what it should be in the way of continuity for all those youngsters in Headstart programs. Ours does not cover the universe in that area, but I think the intent of providing continuity is there.

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[3] This grantee location receives 9 Followthrough grants.
[4] This grantee location receives 7 Followthrough grants.

BASIS FOR PHASEOUT OF FOLLOWTHROUGH

Mrs. Green. In making your decision to drop out, as I understand, in 1974, the new entries in Follow Through, you must have discussed that procedure vis-a-vis stopping the 3-year-olds first and then the 2-year-olds and then the 1-year-olds. Why did you decide to do it in that order? Again it seems to me to be a reverse of continuity of effort which is so badly needed.

Mr. Mattheis. I would contend that it would be the reverse. The continuity is provided in the way it is being funded out. It is a research decision and I don't know whether Dr. Evans would want to speak to it. Those youngsters entering at any grade level are followed until they are through with the program. It seems to me that does provide for continuity in research.

Mrs. Green. If you are phasing them out, why wouldn't you phase out in the other direction so the kids in the 3 years of Follow-through, we would say it is not as important for them to have another year as it is for the kids that are in Head Start not to have any entry into the Follow Through?

Dr. Evans. Could I speak to that?

I think, Mrs. Green, the point we are trying to emphasize here in this discussion illustrates the problem that while we are trying to make the program maximumly useful, from the standpoint of experiments to learn what the programs are effective, it has been construed by many as a service program part of the time. That is the logic behind our discussion now. Our point is that the logic of the program rests on the assumption that there needs to be an intensive experience on the part of the child to benefit from this remedial experience from kindergarten through the third grade. That is the assumption of the whole program, and that is what we want to test out. The thought was we would go through that and test it out over several cohorts or waves of children. If you start cutting off at the top level you take away from the intensive experience. Again following the earlier points made, the assumption would be that from the standpoint of it being an experiment or demonstration, you start phasing out the experiment by stopping it at the initial point. If those programs are proving valuable, then either we should make an effort to disseminate them more broadly for other compensatory programs or title I, and the State and local departments should pick them up at that early state.

Mrs. Green. That seems to be the reverse of what I would think would be desirable.

BILINGUAL PROGRAMS IN HEAD START

In terms of Headstart, does anyone know if they have bilingual programs there?

Mr. Mattheis. We do have a few.

Dr. Pena. I do know in the Office of Child Development there are a few that are bilingual.

Mrs. Green. If they are going to have a bilingual program, wouldn't it be the most desirable place to have it, rather than wait until the first grade?

Dr. Pena. We do it under title VII. We have preschool and kindergarten projects already in operation there.

Mr. MATTHEIS. We do have bilingual programs in Follow Through programs. We have a number of them there and we can document that clearly for the Headstart programs.

Mrs. GREEN. The reason I raise this question is I am not sure that one of the main reasons for the Headstart not being as successful as it was hoped it would be was that there was not that continuity of effort. It seems to me your new plan exaggerates that.

USE OF 1970 CENSUS DATA IN DISTRIBUTING 1974 FUNDS

Do I understand you correctly, that you will not use the 1970 census figures until the academic year 1974–75, according to your present plans?

Mr. MATTHEIS. No.

Dr. OTTINA. Academic year 1973–74.

Mrs. GREEN. For next September, distributing the funds?

Mr. MATTHEIS. If there were to be a program continued at the present mode of title I without educational revenue sharing.

Dr. OTTINA. We would use 1970 census data regardless of what program we administer in 1974 appropriations and academic year starting 1973–74.

Mrs. GREEN. This fall?

Mr. MATTHEIS. That is right.

Mrs. GREEN. Isn't it true that the 1960's saw the largest migration from the rural South to the big cities for a period of years; 600,000 a year?

Mr. MATTHEIS. I couldn't put my finger on that specifically. I wouldn't challenge that. I think it was significant.

Mrs. GREEN. I think of all of the testimony I have heard, this is the most shocking, that we are still using that distribution of title I funds on the basis of a 1960 census. If it is for disadvantaged kids it obviously is not going to disadvantaged kids.

Dr. EVANS. That is correct. The data we have now available and have supplied to the Congress does indicate that is the general direction of the shift. If reallocations were made now without any other change except moving to the 1970 census, it would change in the direction that you have indicated, of calling for more funds to go to urban areas and less to go to rural areas and rural States.

INVENTORY OF EQUIPMENT PURCHASED THROUGH TITLE III, NDEA

Mrs. GREEN. Under title III, equipment, has any study ever been made of the Office of Education as to the amount of equipment that has been bought by the various districts, especially toward the end of the fiscal year? How much of it is stored in closets and how much is actually used?

I take off my hat to the lobby efforts of the equipment and audiovisual people in Washington. I don't know of any more active lobby.

Mr. MATTHEIS. I don't know that we have any specific studies in the area. I think we would generally concur with your conclusion, however, it has served its purpose and its time has come to be terminated.

Mrs. GREEN. Because this is such an active lobby, is it possible for you people to work through State superintendents, some kind of study of how much hardware is on hand?

Mr. MATTHEIS. I think we mentioned a moment ago the total expenditures which are rather substantial over the period of years we have been in the program. Specifically how they are used within local districts, I think it is probably very difficult, if not impossible, to come by. We hear reports that come to our attention occasionally of material being in classroom closets, shelves, warehouses, not being used. I am not aware of any documented study to identify that.

Mrs. GREEN. I think that is an additional factor whenever there is late funding. One place for a superintendent to spend money is on hardware?

Mr. MATTHEIS. That is correct.

Mrs. GREEN. Mr. Chairman, I have other questions but I hear the bells ringing.

Mr. FLOOD. We will recess until 2 o'clock, gentlemen. We have something that you have not heard much about—impacted aid.

Mr. MATTHEIS. Thank you, Mr. Chairman.

AFTER RECESS

CLARIFICATION OF SPECIAL INCENTIVE GRANT LEGISLATION

Mr. FLOOD. Mr. Obey.

Mr. OBEY. I would like to go back to the previous subject for a moment, to clear up one thing in the record.

When I asked you about part B, the special incentive grant, I was led to believe by your response that the formula involved was a straight dollar effort formula.

It was brought to my attention by the staff that section 123 says:

> For the purpose of this part the term "effort index" when applied to States, means the percent expressing the ratio of expenditures from all non-Federal sources in a State for public elementary and secondary education to the total personal income in such State * * *.

So, it is not the raw dollar figure that you had been describing, but is, in fact, somewhat related to personal income.

Mr. MATTHEIS. Yes.

Justification of the Budget Estimates

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Elementary and Secondary Education

Amounts Available for Obligation

	1973 Revised	1974
Appropriation	$1,771,078,000	$76,000,000
Comparative transfer from:		
"Educational development"	92,780,000	---
Total, obligations	1,863,858,000	76,000,000

Obligation by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
11	Educationally deprived children.	$1,585,185,000	$ ---	$-1,585,185,000
16	Supplementary services	146,393,000	---	-146,393,000
18	Strengthening State departments of education	38,000,000	---	-38,000,000
21	Bilingual education	35,080,000	35,000,000	-80,000
24	Follow through	57,700,000	41,000,000	-16,700,000
26	Equipment and minor remodeling	1,500,000	---	-1,500,000
Total obligations		1,863,858,000	76,000,000	-1,787,858,000

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Other services	$ 1,000,000	$ 3,000,000	$ +2,000,000
Grants, subsidies and contributions	1,862,858,000	73,000,000	-1,789,858,000
Total obligations by object	1,863,858,000	76,000,000	-1,787,858,000

Summary of Changes

1973 Estimated obligations	$1,863,858,000
1974 Estimated obligations	76,000,000
Net change	-1,787,858,000

	Base	Change from Base
Decreases:		
A. Program:		
1. Educationally deprived children	$1,585,185,000	$-1,585,185,000
2. Supplementary services	146,393,000	-146,393,000
3. Strengthening State departments of education	38,000,000	-38,000,000
4. Bilingual education	35,080,000	-80,000
5. Follow through	57,700,000	-16,700,000
6. Equipment and minor remodeling	1,500,000	-1,500,000
Total, net change	---	-1,787,858,000

Explanation of Changes

1. - 2. Decreases are shown of $1,585,185,000 in Educationally deprived children and $146,393,000 in Supplementary services to reflect the consolidation of these programs under Special Education Revenue Sharing.

3. A decrease of $38,000,000 is requested for Strengthening State departments of Education. The 1974 budget expects that States should now be in a position to support and maintain their own State agencies, particularly as Special Education Revenue Sharing increases the capacity of States to administer education programs.

4. A decrease of $80,000 is requested for the Bilingual education program, a discretionary grant program for projects designed to meet the special needs of children who come from environments where the dominant language is other than English. This decrease results from the termination of 70 projects which have completed their five years of Federal funding and are expected to be continued with State and local funds. Sixty-four new projects, estimated at $10.5 million, will be initiated under the 1974 budget request.

5. The Follow Through program requests a decrease of $16,700,000 in 1974, reflecting the gradual phase out of this program. Approaches for the education of low-income children, which have been validated in this experimental program, will be used to improve education for the disadvantaged through other programs such as Special Education Revenue Sharing. In fiscal year 1974, no new kindergarten component will be added and the average cost per student will be reduced.

6. A decrease of $1,500,000 is shown to reflect the termination of the equipment and minor remodeling program.

Authorizing Legislation

Legislation	1974 Authorized	1974 Appropriation requested
Elementary and Secondary Education Act:		
Title VII -- Bilingual education............	\$135,000,000[1]	\$35,000,000
Economic Opportunity Act of 1964:		
Section 222(a)(2) -- Follow-Through.........	70,000,000	41,000,000

1/ Authorization expires June 30, 1973; extension legislation is proposed.

TITLE VII—BILINGUAL EDUCATION PROGRAMS

SHORT TITLE

SEC. 701. This title may be cited as the "Bilingual Education Act".

DECLARATION OF POLICY

SEC. 702. In recognition of the special educational needs of the large numbers of children of limited English-speaking ability in the United States, Congress hereby declares it to be the policy of the United States to provide financial assistance to local educational agencies to develop and carry out new and imaginative elementary and secondary school programs designed to meet these special educational needs. For the purposes of this title, "children of limited English-speaking ability" means children who come from environments where the dominant language is other than English.

(20 U.S.C. 880b) Enacted Jan. 2, 1968, P.L. 90-247, Title VII, Sec. 702, 81 Stat 816.

AUTHORIZATION AND DISTRIBUTION OF FUNDS

SEC. 703. (a) For the purposes of making grants under this title, there is authorized to be appropriated the sum of $15,000,000 for the fiscal year ending June 30, 1968, $30,000,000 for the fiscal year ending June 30, 1969, $40,000,000 for the fiscal year ending June 30, [illegible] $80,000,000 for the fiscal year ending June 30, 1971, $100,000,0[illegible] the fiscal year ending June 30, 1972, and $135,000,000 for the fiscal year ending June 30, 1973.

(b) In determining distribution of funds under this title, the Commissioner shall give highest priority to States and areas within States having the greatest need for programs pursuant to this title. Such priorities shall take into consideration the number of children of limited English-speaking ability between the ages of three and eighteen in each State.

GENERAL PROVISIONS CONCERNING EDUCATION [1]

PROGRAMS SUBJECT TO THIS TITLE; DEFINITIONS; APPROPRIATIONS; SHORT TITLE

SEC. 401. (a) The provisions of this title shall apply to any program for which the Commissioner of Education has responsibility for administration, either as provided by statute or by delegation pursuant to statute. Amendments to Acts authorizing such programs shall not affect the applicability of this title unless so specified by such amendments.

(b) For the purposes of this title, the term—

(1) "Commissioner" means the Commissioner of Education;

(2) "Secretary" means the Secretary of Health, Education, and Welfare; and

(3) "Applicable program" means a program to which this title is applicable.

(c) There are hereby authorized to be appropriated for any fiscal year, as part of the appropriations for salaries and expenses for the Office of Education, such sums as the Congress may determine to be necessary to carry out the provisions of this title.

(d) This title may be cited as the "General Education Provisions Act."

SEC. 404. (a) No later than January 31 of each calendar year, the Secretary shall transmit to the respective committees of the Congress having legislative jurisdiction over any applicable program and to the respective Committees on Appropriations a report evaluating the results and effectiveness of programs and projects assisted thereunder during the preceding fiscal year, together with his recommendations (including any legislative recommendations) relating thereto.

(b) In the case of any such program, the report submitted in the penultimate fiscal year for which appropriations are then authorized to be made for such program shall include a comprehensive and detailed review and evaluation of such program (as up to date as the due date permits) for its entire past life, based to the maximum extent practicable on objective measurements, together with the Secretary's recommendations as to proposed legislative action.

(c) Unless the Congress—

(1) in the regular session in which a comprehensive evaluation report required by subsection (b) is submitted to Congress, has passed or formally rejected legislation extending the authorization for appropriations then specified for any title, part, or section of law to which such evaluation relates, or

(2) prior to July 1, 1973, by action of either House approves a resolution stating that the provisions of this subsection shall no longer apply,

such authorization is hereby automatically extended, at the level specified for the terminal year of such authorization for one fiscal year beyond such terminal year, as specified in such legislation.

Economic Opportunity Amendments
of 1972

(3) For the purpose of carrying out the Follow Through program described in section 222(a)(2) such Act, there are authorized to be appropriated $70,000,000 annually for the fiscal year ending June 30, 1973, and the succeeding fiscal year.

Explanation of Transfers

	1973 Estimate	Purpose
Comparative transfer from:		
Educational development	$ 92,780,000	Transfer of the Bilingual education program (Title VII of the Elementary and Secondary Education Act) and the Follow-Through program (Section 222(a)(2) of the Economic Opportunity Act of 1964) to the Elementary and Secondary Education appropriation to concentrate programs benefitting educationally deprived children in elementary and secondary schools in one account.

5

Elementary and Secondary Education

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$ 77,170,000	$ 64,670,000	$ 64,670,000	$ 64,670,000
1965	100,100,000	90,400,000	99,200,000	99,200,000
1966	1,494,634,000	1,165,950,000	1,165,950,000	1,165,950,000
1967	1,327,360,000	1,327,360,000	1,352,360,000	1,352,360,000
1968	1,544,250,000	1,504,000,000	1,550,000,000	1,511,866,000
1969	1,469,113,000	1,280,753,000[1]	1,494,826,000	1,420,993,000
1970	1,382,143,000	1,697,341,000	1,712,341,000	1,558,072,900
1971	1,510,443,000	1,712,143,000	1,794,343,000	1,748,143,000
1972	1,760,093,000	1,755,893,000	2,069,593,000	1,920,593,000
1973	1,885,723,000			
1973 Amendment	-21,865,000			
1974	76,000,000			

[1] National Defense Education Activities not considered pending enactment of authorizations.

NOTE: In order to reflect comparability with the 1974 estimate this history table excludes library resources which has been transferred to "Library Resources" and dropout prevention and planning and evaluation which have been transferred to "Educational Development."

Justification

Elementary and Secondary Education

	1973	1974	Increase or Decrease
Educationally deprived children..	$1,585,185,000	$ ---	$-1,585,185,000
Supplementary services...........	146,393,000	---	-146,393,000
Strengthening State departments of education..................	38,000,000	---	-38,000,000
Bilingual education..............	35,080,000	35,000,000	-80,000
Follow Through...................	57,700,000	41,000,000	-16,700,000
Equipment and minor remodeling...	1,500,000	---	-1,500,000
Total.....................	1,863,858,000	76,000,000	-1,787,858,000

General Statement

In 1974, the Administration is submitting legislation to authorize a program of special revenue sharing in elementary and secondary education. This will consolidate and simplify Federal aid programs in elementary and secondary education to give State and local school officials greater flexibility and responsibility for managing and targeting program funds. Support for educational activities in areas where the Federal government has developed strong interests in strengthening school programs, such as compensatory education for the disadvantaged and general support, will be included in Special Education Revenue Sharing for which authorizing legislation will be proposed.

Federal support for strengthening State departments of education and the program of acquisition of equipment and minor remodeling will be terminated in 1974 as it is believed that the States should have the capacity to continue the most successful aspects of these programs on their own.

The Bilingual education program, Title VII of the Elementary and Secondary Education Act, will be maintained at the same overall funding level in 1974 as in 1973, approximately $10.5 million will be available, however, to support 64 new projects, as some 70 projects expire and are expected to be picked up in some form by State and local funds.

The Follow-Through program, as authorized by the Economic Opportunity Act will be gradually phased out beginning in fiscal 1974. Beginning in fiscal year 1974, classes that complete the Follow-Through program will not be replaced by new classes. This policy will lead to a phase out of the program by 1978.

	1973 Estimate	1974 Estimate 1/	Increase or Decrease
Educationally deprived children:			
a. Grants to local educational agencies....................	$1,390,177,546	$ —	$-1,390,177,546
b. Grants to State agencies.....	141,416,529	—	-141,416,529
c. Grants for State administration........................	17,125,900	—	-17,125,900
d. Special incentive grants under Part B................	8,214,906	—	-8,214,906
e. Grants to urban and rural schools, Part C............	28,065,119	—	-28,065,119
f. Advisory Committee...........	185,000	—	-185,000
Budget authority and obligations..............	1,585,185,000	—	-1,585,185,000

Narrative

Basic Authorizing Legislation:

Title I of the Elementary and Secondary Education Act of 1965, as amended, provides additional funds to supplement State and local money in local educational agencies with large numbers of children from low-income families. The money is intended to provide special educational programs for educationally deprived children. Amendments under Public Law 91-230 (approved April 13, 1970) added two new parts to the legislation which became effective in fiscal year 1971. Part B provides special incentive grants to States and Part C provides special grants to urban and rural schools with the highest concentrations of children from low-income families. Parts B and C are to be implemented when the appropriation level exceeds $1,396,975,000.

How Title I Grants are Computed:

The basic Title I grants to local school districts are computed on a county basis by multiplying the number of children eligible under the formula in the county by one-half the State or national per pupil expenditure, whichever is higher. The number of formula children is based on the number of children, ages 5 through 17, who are (1) in families with an annual income of less than the low-income factor ($2,000); (2) in families receiving an income in excess of the low-income factor from payments under the program of Aid to Families with Dependent Children; or (3) living in institutions for neglected or delinquent children, or living in foster homes supported by public funds.

1/ Included under Special Education Revenue Sharing

The formula for distributing funds provides for the direct allocation from the Federal Government to counties. The county allocations are then suballocated to the local school districts by the State educational agencies on the basis of the most recent data which best reflect the distribution of low-income children. Additional authorizations are provided for State agencies directly operating or supporting schools for neglected or delinquent children, for youthful offenders in State correctional institutions and for handicapped children. Grants to State educational agencies to establish or improve programs for children of migratory agricultural workers are also separately computed.

Grants to LEA's, Program Accomplishments, 1972/1973:

The following table summarizes the numbers of participating school districts and children in Title I projects in fiscal year 1972 and fiscal year 1973.

	1972	1973
Participating school districts..........	13,900	13,900
Number of children counted for entitlement	8,109,501	8,467,393
Number of children participating........	6,250,000	6,100,000

During 1972 and 1973 a number of sources indicated significant gains resulting from participation in Title I programs. The Effectiveness of Compensatory Education, published by the Department of Health, Education and Welfare, presented an analysis of State Title I reports from six States. The report stated that while .7 grade equivalent per year is usually the most which disadvantaged children gain in one year of school, in many of the compensatory education programs discussed, sizeable portions (often a majority) of the poor children tested achieved at a greater rate than this. The report adds that a still significant percentage are achieving at or above the national norm (1.0 grade equivalent gain per year). In addition, the fiscal year 1971 Title I Annual Evaluation Report from Rhode Island indicated an average monthly gain of reading scores for Title I participants of 1.4 months for each month of school. At every grade level, the average monthly gain was larger than the prior average monthly gain. Using a Statewide sample of Title I participants, Kansas reported for fiscal year 1971 that 77 percent of the students had an average monthly gain in reading of one or more months for each month of participating. These illustrations reveal the kind of success that Title I can have.

During fiscal year 1973, Title I funds were focused upon instruction in reading, mathematics, and the English language arts for the most educationally deprived youngsters. This was done by improving local efforts to spend the money for schools most heavily impacted with poor children and by improving individual school's ability to identify and serve students with the most severe academic shortcomings. Federal technical assistance efforts also involved the promotion at the State and local educational agency levels of Title I project planning, design and evaluation techniques already established as basic to success.

Comparability Requirements:

Amendments to Title I contained in P.L. 91-230 which were implemented in 1971 included a new requirement involving comparability. The requirement for comparability provides that State and local funds will be used in local educational agencies to provide services in Title I project areas which, taken as a whole, are at least comparable to services being provided in areas of local educational agencies which are not receiving Title I funds. Indicators of comparability currently include staff ratio and average instructional salaries less amounts paid solely on the basis of longevity. For fiscal year 1973, State educational agencies are approving Title I applications for LEA's which are in compliance with the comparability requirements.

Participation of Non-public School Children:

The participation in Title I programs of educationally deprived children in attendance at non-public schools continued at a rate comparable to that of previous years. The issuance of the Handbook on Participation of Private School Children in Title I, ESEA in the latter part of FY 1972 has resulted in improvement in the quality of participation on a wide scale. In specific areas the solution of local problems has also led to an increase in the quantity of participants. Title I services in which non-public school children are involved are determined by the needs disclosed through the systematic steps taken to determine needs of all eligible children. Most frequently non-public school children participate in programs which are aimed at improving their achievement in reading and mathematics. Supportive services such as speech therapy, health, and psychological services also are provided to these children. Services are provided equally on public and non-public school sites as determined by local situations and administrative feasibility.

Aid for Special Categories of Children Supported by Local Educational Agencies:

Programs involving institutionalized neglected and delinquent children supported by local educational agencies and handicapped children attending local schools, are eligible for Title I grants to local school districts. Such programs have been conducted during the past six years. In fiscal year 1973 special programs in local educational agencies designed for handicapped children involved an estimated 180,000 children and the expenditure of $28,000,000 in funds. Similarly, in fiscal year 1973 programs for neglected and delinquent children in institutions located in local educational agencies benefitted an estimated 69,000 youngsters and involved the expenditure of $12,000,000. Children in these same special categories in State-operated or supported institutions (as distinguished from institutions which are locally supported or operated) receive other Title I assistance under grants to State agencies.

Grants to State Agencies: Support for Special Groups of Disadvantaged Children:

Amendments to Title I provide assistance to local and State educational agencies to help special groups of educationally deprived children in addition to those in programs at the local level described previously in this justification. These additional groups include: Handicapped children in State-operated and, State-supported schools; neglected and delinquent children in State institutions; youthful offenders in adult correctional institutions; and migrant children; and Indian children in Bureau of Indian Affairs schools.

Handicapped Children....................1973 Estimate --- $60,938,942

Fiscal year 1973 program objectives for handicapped children stressed work-study and on-the-job training programs; services to handicapped youngsters during their early childhood, and the provision of services to institutionalized children which prepared them for the transition from the institution to day care centers, or special classes in local public schools. Some 158,000 children are benefitting in 1973.

Neglected and Delinquent Children and Youthful Offenders in Adult Correctional Institutions ....1973 Estimate --- $22,097,681

Accomplishments in fiscal year 1973 for neglected and delinquent children included strengthening the institutional staff's understanding, through training programs, of the unique problems of the children and improving recruiting and training of institutional personnel to attain the personal and professional qualities needed. Evaluation reports received from participating institutions provide evidence of improvement in the children's willingness and ability to learn resulting from the use of approaches more relevant to their needs. The children's educational progress has resulted in a much less restrictive atmosphere in the institutions. The children have received more freedom which has resulted in fewer runaways and more visits from parents, public school teachers and specialists. In addition, new methods of cooperation with public schools are being undertaken to provide the released child with a more helpful methods of reentry into his community and his school. Approximately 59,000 children in 490 institutions are benefitting.

Migrant Children .... 1973 Estimate --- $58,379,906

New emphases in migrant education during fiscal year 1973 included the use of special diagnostic instruments for migrant students, and more effective use of educational materials and teaching methodologies. Improved methods were developed for the Migrant Program to identify migrant children as defined by Public Law 89-750. A great effort was made to expand and improve vocational education and encourage migrant children to find more skilled and rewarding employment upon completion of their education. The shift to a computer facility devoted exclusively to the Migrant Record Transfer System was begun in 1973, as well as the development of more comprehensive and flexible academic and health record forms for use in assessments on an interstate basis. In addition, new program applications and evaluation and monitoring methods were prepared. Over 300,000 children are participating in 1973.

Indian Children............................ 1973 Estimate --- $15,384,563

Title I programs in Bureau of Indian Affairs' schools are found in all grades from pre-kindergarten through grade 12. The programs include mathematics, reading and the language arts, bilingual programs, science, vocational education, art, physical education and recreation. Ninety percent of the fiscal year 1973 programs were concentrated upon reading and the language arts, and math, science and general academic programs. Title I funds accounted for about 390 additional professional staff members in the schools and 1,225 paraprofessional assistants. About 75 percent of the latter group were Indians. Approximately 50,000 children were served in these schools.

Title I requirements have resulted in each BIA school having a Parent Advisory Council. The Bureau has moved expeditiously in implementing this policy. During fiscal year 1973, all 155 participating BIA schools had a PAC. These are active councils effective in influencing policy decisions regarding the expenditure of Title I and other funds available in their schools.

The involvement of Indian parents during 1972 and 1973 provided more accurate needs assessments and the development by the schools of projects designed to meet the special needs of the children in each school. This participation fostered parental support for school efforts and resulted in increased achievements by the children. Significant gains were attributed to projects involving English as a second language, language development to improve speaking and writing, remedial reading to improve comprehension, and the study of Indian culture to improve the children's self-respect as well as their attitude towards school.

Part B
Special Incentive Grants ....1973 Estimate --- $8,214,906

The Special Incentive Grants of Part B are available to those States whose effort index is greater than the national effort index. In 1973, 21 States were eligible for such grants ranging from $7,238 to $1,232,199. Incentive grants are made available to a State upon application to the Commissioner of Education. Funds are made available by the States to those school districts with above average effort indexes which have the greatest need for assistance. The grants are approved in amounts relating to the district s respective needs. Only those projects which are deemed to be innovative, or exemplary, by the State educational agencies are approved. No State is entitled to more than 15 percent of the total amount for Part B.

Part C
Special Grants for Urban and Rural Schools...1973 Estimate --- $28,065,119

School districts eligible for Part C, which provides special grants for urban and rural schools with the highest concentrations of children from low-income families, include those districts where the number of children from low-income families is 20 percent of the total number of children, or a minimum of 5,000 and 5 percent of the total number of children. In addition, school districts which are in need of added financial assistance to meet the educational needs of their educationally deprived children also qualify when they satisfy one of the above requirements with a 5 percent increase in the number of children in low-income families. Grants were made to 3,728 school districts in fiscal year 1972 ranging up to $3,590,081.

The maximum Part C grant to a local educational agency is 40 percent of its maximum grant under Part A, the ongoing Title I program. Part C grants are restricted mainly to preschool or elementary school projects in school attendance areas with the highest concentration of children from low-income families. Secondary school programs may be approved if there is an urgent need for such programs and satisfactory assurances are made that the programs will be as effective as the preschool and elementary school programs.

State Administration .... 1973 Estimate --- $17,125,900

Title I of the Elementary and Secondary Education Act, in addition to authorizing grants to local educational agencies, authorizes the Commissioner of Education to pay each State up to 1 percent of its basic grant amount, or a minimum of $150,000 for necessary administrative expenses. During 1973 this administration involved the following: approving about 16,000 Title I project grant applications during the regular school year plus an estimated 5,000 applications for summer programs; extensive monitoring of Title I projects at the local level; technical assistance activities for school districts involving program development and evaluation, and providing a greatly expanded State-wide dissemination service to promote the use of effective compensatory education projects.

Fiscal Year 1974:

Beginning in fiscal year 1974, this program is being consolidated into Special Education Revenue Sharing.

	1973 Estimate	1974 Estimate[1]	Increase or Decrease
Supplementary Services			
Grants to States	$126,295,000	---	$-126,295,000
Special Projects	20,098,000	---	-20,098,000
Budget authority and obligation	146,393,000	---	-146,393,000

Narrative

Purpose and Scope:

Authorized through 1973 by Title III of the Elementary and Secondary Education Act, this program provides non-matching grants to State education agencies to fund innovative and/or exemplary projects and supplementary centers and for guidance, counseling and testing designed to serve as models which can be replicated by local education agencies in the State and the Nation. Fifteen percent of the appropriated funds are retained by the Commissioner in order to fund, at his discretion, projects directed towards national goals and priorities. The States allotment (85%) is directed towards each State's critical educational needs as determined through their needs assessment. Under the State plan portion, States through fiscal year 1973 must assure expenditures for Guidance, Counseling and Testing equal to 50% of what that State expended for Title V-A, of the National Defense Education Act, in fiscal year 1970, and must set aside at least 15% of their funds for projects benefitting the handicapped.

In addition the Special Programs and Projects (Section 306) funds, which constitute fifteen percent of each State's allotment, are used by the Commissioner of Education to support innovative and exemplary projects which utilize research findings and demonstrate successful solutions to major educational problems common to all or several States. These projects also give direction to the State Plan Program administered by the States. There is also a 15 percent set aside for projects benefitting the handicapped within the Commissioner's discretionary funds.

Accomplishments, 1972/1973:

In fiscal year 1972, Title III continued financial support to 915 ongoing projects at a cost of approximately $64,000,000 and funded 714 new project starts at a cost of approximately $50,000,000 in response to the critical educational needs of some 8.4 million children as identified in the State needs assessment.

During fiscal year 1973, this program provided technical assistance to State educational agencies to assist in the refinement of designs for needs assessment, evaluation and dissemination, and to encourage greater contribution through State-supported projects in the areas of concern to both the States and the Nation, such as reading, career education, and environmental education. The State plan share of the fiscal year 1973 appropriation enabled this program to continue 1,087 projects started in prior years at a cost of approximately $76,000,000 and allow 550 new project starts at a cost of $38,000,000.

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[1] Folded into Special Education Revenue Sharing.

The Office of Education, using ESEA Title III authorization, mounted a major effort to identify, validate and disseminate exemplary educational practices in federally funded programs. Using extensive State educational agency participation, the Office of Education coordinated an effort to establish common criteria and procedures for on-site verification of a practice as worthy of replication by other school systems. Several activities were conducted to develop improved means of facilitating the sharing of information on outcomes between successful schools (Producer) and potential adopters (Consumers) under a concept referred to as Producer Consumer Schools Brokerage. A highlight event in fiscal year 1972 was an educational fair (Ed/Fair '72) featuring 30 exemplary practices. A similar educational fair was conducted in fiscal year 1973. State administrative funds were used to conduct on-site visits by trained validation teams to 100 or more projects to identify and validate exemplary practices to be placed in an exemplary practices Bank of Knowledge.

In both 1972 and 1973, approximately $12,000,000 was used for State administration.

In fiscal year 1972, under an appropriation of $20,100,804, approximately 117 Title III Section 306 projects were continued at a cost of $15,200,000. In addition to the funds used to continue these projects, $1,200,000 was used in a demonstration program designed to introduce into more than 400 school districts in 18 States the well-validated Kindergarten (Reading) Program developed by the Southwest Regional Laboratory with substantial support under the Cooperative Research Act. Another $1,100,000 supported 67 projects exploiting new uses of educational technology for the improvement of instruction and educational planning and management. Nineteen model reading programs were supported at $1,000,000 as part of the Office of Education's Right to Read thrust; a four-site program offering incentives to parents and teachers who succeed in improving the basic skill achievement of disadvantaged children, at a level of $300,000; and 16 projects involving artists in the schools, as a humanizing force in education.

In fiscal year 1973, under the same $20,098,000 appropriation, 98 of the original Section 306 projects were continued for an expenditure of 15,200,000. Another $1,200,000 supported in 400 sites the installation of a variety of well-validated kindergarten reading programs, a modification of Southwest Regional Laboratory diffusion strategy of the previous year. Thirty new programs exploiting educational technology for reform in education, including programming for cable and interactive TV and telecommunications system, were funded at a total commitment of $1,300,000. A variety of new approaches to the education of handicapped children were launched in 14 sites at a total of $550,000.

The balance of the appropriation in 1972 and 1973 was utilized in support of a variety of efforts designed to develop local planning and management capabilities to enable effective use of Federal funds in anticipation of special revenue sharing. Also supported were a limited number of comprehensive projects in those original program priority areas for which the initial response from the field was inadequate. A major thrust throughout these new efforts, both planning and operational, was services integration.

Fiscal Year 1974:

Beginning in fiscal year 1974, this program is being consolidated into Special Education Revenue Sharing.

	1973 Estimate	1974 Estimate	Increase or Decrease
Strengthening State departments of education:			
Grants to States and special projects (Part A)	$33,000,000	---	$-33,000,000
Planning and Evaluation (Section 411)	5,000,000	---	-5,000,000
Budget authority and obligations..	38,000,000	---	-38,000,000

	1973 Estimate	1974 Estimate	Increase or Decrease
Strengthening State departments of education-Title V (Part A):			
Grants to States	$31,350,000	---	$-31,350,000
Grants for special projects......	1,650,000	---	- 1,650,000
Total	$33,000,000	---	$-33,000,000

Narrative

Purpose and Scope:

The Elementary and Secondary Education Act, Title V, Part A, authorized the Commissioner to make non-matching grants to stimulate and assist States in strengthening the leadership resources of their education agencies and assist those agencies in the establishment and improvement of programs to identify and meet their educational needs. The grants are made to the State education agencies.

Ninety-five percent of the Title V, Part A appropriation is available to State education agencies as basic grants. Five percent is reserved for special project grants to State education agencies under Section 505 of this Title to enable groups of these agencies to develop their leadership capabilities through experimental projects and to solve high priority common problems.

Accomplishments, 1972/1973:

This program has supported the accomplishment of many objectives all aimed at strengthening the States' management capability and their expertise in providing assistance to local school systems. Major accomplishments supported during this period have included the following:

1. Seventy-five percent of the States have invested Title V resources in the development of systems of educational accountability.

2. Over half of the State departments of education have established definitive objectives on an annual basis for all the activities of the agency. In addition, 28 States have initiated special efforts to utilize evaluative and assessment data to produce a set of practical and meaningful goals for elementary and secondary education on a statewide basis.

3. One-half of the States utilized a portion of their resources made available under Title V to investigate alternatives to their existing organizational and governance structures.

4. Twenty-five percent of the Title V, Part A appropriation has been directed towards enhancing the leadership and services functions provided for local education agencies.

Section 505 funds, through 25 projects, will have enabled SEA's to conduct studies and develop strategies and models for dealing with such common problems as improved internal auditing, organizational structure for public education, strengthening career education, role of the SEA in curriculum improvement and in effective ways of linking industry, private education, and public education together for the optimum exchange of resources, personnel, and educational capabilities. In addition there are eight interstate projects organized regionally designed to permit States to pursue common priorities and exchange strategies for resolution of contemporary issues.

Fiscal Year 1974

Federal support for strengthening State departments of education under Title V of the Elementary and Secondary Education Act will be terminated in 1974. The Federal government has spent substantial sums since 1965 to upgrade and strengthen State departments of education. As indicated above, significant accomplishments have been realized. The 1974 budget expects that States should now be in a position to support and maintain their own State agencies, particularly as special education revenue sharing increases the capacity of States to administer education programs.

	1973 Estimate	1974 Estimate	Increase or Decrease
Planning and Evaluation (Section 411)..	$5,000,000	-0-	-$5,000,000

Narrative

Purpose and Scope:

The General Education Provision Act, Section 411 authorizes the appropriation of such sums as may be necessary to be available to the Secretary for (1) planning programs and projects and (2) evaluating programs and projects for any program for which the Commissioner of Education has responsibility for administration, either as provided by statute or by delegation pursuant to statute.

Accomplishments, 1972/1973:

During FY 1972 no new funds were made available to State education agencies for planning and evaluation. However, funds were granted for these purposes in FY 1971 and there was some carryover activity.

During FY 1973 these funds were distributed to the States with $96,000 going to each State and the balance to the District of Columbia and the outlying areas of the United States. Funds were employed by State education agencies to further their readiness for responding to the increasing responsibilities concomitant with accountability requirements and the foreseeable burden of revenue sharing. Some major activities, highlighted here, are expected to be fulfilled in FY 1973 and also FY 1974 due to the project grant timing arrangement. They include the following:

1. Furthering the readiness for revenue sharing through assistance to States in (a) planning financial systems for elementary and secondary education which are based on providing more equitable support and more equitable allocation of the available resources and (b) the development of evaluation and reporting systems for determining the educational outputs of State and local systems as discussed in the paragraphs which follow.
2. Enabling over half the States to (a) develop criteria for establishing equity in the distribution of resources for education, (b) develop methods of analyzing educational need, (c) compare possibilities of establishing new revenue bases for education, and (d) determine a practical method of relating educational results to costs.
3. Facilitating the beginning of efforts to build a management-by-objectives system for each State education agency.
4. Providing training for State agency planners and evaluators and offering the opportunity to add personnel prepared to carry out planning and evaluation activities.

Fiscal Year 1974:

This activity is being terminated in 1974 since with the funds being made available under Special Education Revenue Sharing the State and local educational agencies will have their own resources to carry on such planning and evaluation.

	1973 Estimate	1974 Estimate	Increase or Decrease
Bilingual Education			
Noncompeting continuation grants	$35,080,000	$24,500,000	$-10,580,000
New grants	---	10,500,000	+10,500,000
Total	35,080,000	35,000,000	-80,000

Narrative

Purpose and Scope:

The Bilingual Education Program, authorized by Title VII of the Elementary and Secondary Education Act (ESEA), is a discretionary grant program which provides funds to local educational agencies for projects designed to meet the special needs of children who come from environments where the dominant language is other than English and who come from low income families. There are approximately 5,000,000 children in the United States who need to be instructed bilingually. The authorization for this program expires June 30, 1973 but legislation extending the authorization is being submitted.

Accomplishments in fiscal years 1972-1973:

	FY 1972	FY 1973	FY 1974
Total number of pupils served	106,000	111,000	143,000
Average per pupil expenditure	$ 298	$ 279	$ 219
Number of projects	217	217	211

In addition to having increased the availability of services to more pupils, specific accomplishments have included: changing attitudes of parents, community people, district school officials, and students toward bilingual education; instigating expansion of university teacher training efforts to include curriculum and experience in the area of bilingual education; and significantly developing, testing, refining, and utilizing materials and testing instruments for specific language groups. Six key efforts in this last area are as follows:

1. The Multilingual Assessment Project (Stockton, California) personnel have developed a process for assessing children's developmental levels using Piaget's theories, working across age groups, and taking into account social, economic status and culturally relevant factors. In addition, they have prepared manuals and video-taped materials which demonstrate how teaching strategies may be modified to fit the unique learning styles of children from different ethnic backgrounds.

2. KLRN-TV, in cooperation with the Region XIII Education Service Center in Austin, Texas has developed a bilingual educational television program for Mexican-American children in grades K through 2, which was selected by the Public Broadcasting System for Nationwide viewing, beginning October, 1972.

3. Berkeley, California is in the process of developing a bilingual children's television program for all preschool through age seven level Spanish-speaking children in the Nation.

4. The Spanish Curricula Development Center, Dade County, Florida, is developing an interdisciplinary core curricula for all Spanish-speaking children in grades 1-3. First grade materials have been produced in four editions for four groups: multi-ethnic Spanish-speaking, Mexican-American, Puerto Rican and Cuban. All editions are supplemented with materials from four regional centers established for the purpose of assuring a high degree of cultural relevance.

5. The Material Acquisition Project at San Diego is working with 384 teachers in projects in 15 States to test the 17,000 instructional items acquired in Spanish-speaking countries. A list of materials in Spanish and Portuguese which correspond to English textbooks will be made available to schools as supplementary materials and to facilitate the selection of classroom materials.

6. The Dissemination Center for Bilingual/Bicultural Education, located in Austin, Texas, obtains and reviews all project-developed materials under ESEA, Title VII, for possible duplication and national distribution. A monthly annotated bibliography is published of all materials which may be obtained either from the Center or from commercial publishers. Materials to be disseminated by the Center are selected on the basis of priority need, as well as quality of available project-produced materials.

In Fiscal Year 1973, an effort is being made to accelerate the replication and installation of bilingual education instruction as a part of the regular school program. However, no new projects will be started. Through the Dissemination Center for Bilingual Education located in Austin, Texas, emphasis will be on dissemination of project-developed materials and successful practices in bilingual education to coincide with the purpose stated above. All the $35,080,000 will be used for the continuation of current projects at least up to our five-year commitment.

Specifically in fiscal year 1973:

1. The number of students participating in Title VII programs were increased from 106,000 to 111,000 as part of the vertical expansion permitted every year projects are in operation;

2. The effective elements of 72 Title VII programs that have been in operation for three years or more are being identified, reviewed and disseminated;

3. The División of Bilingual Education is working cooperatively with State Departments of Education in the development of State-wide strategies for bilingual programs;

4. In addition, an intensive review of bilingual/bicultural learning theories in their various applications in ongoing projects is being undertaken to yield a series of tested models of bilingual/bicultural education.

Request for fiscal year 1974:

1. To continue to support the refinement and expansion to another grade of 147 ongoing projects for a cost of approximately $24.5 million; 1/

2. To use approximately $10.5 million for funding of approximately 64 new projects;

3. To continue to provide programmatic technical assistance to the Bilingual Children's Television Program;

4. To increase the participation of local school districts in need of bilingual/bicultural programs by increasing the pre-application technical assistance provided to them;

5. To improve the ability of States to provide leadership and technical assistance to local districts by increasing the technical assistance to them;

1/ In fiscal year 1974, 70 projects initially funded in fiscal year 1969 will not be supported with Title VII funds, but are expected to be continued by the local education agencies.

6. To disseminate Title VII-developed materials by continuing the support of Bilingual Education Dissemination Center which will gather and distribute appropriate materials; and

7. To improve Title VII project management by implementing recommendations obtained from the process evaluation conducted in fiscal year 1973.

	1973 Estimate	1974 Estimate	Increase or Decrease
(1) Follow Through.................	$57,700,000	$41,000,000	-$16,700,000

Narrative

Purpose and Scope:

Authorized under the Economic Opportunity Act of 1964, as amended by Public Law 90-222, Follow Through is administered by the U.S. Office of Education under a delegation of authority from the Office of Economic Opportunity (OEO). In fiscal year 1972 the program funds were appropriated directly to the Office of Education.

The purpose of this research, development, and evaluation program is to develop and validate approaches for the education of low-income children in the early elementary grades. Twenty-two approaches which are sponsored by institutions of higher education or educational research laboratories, as well as some approaches developed by local educational agencies, are being implemented in the 173 Follow Through projects throughout the country. There is at least one project in every State.

Follow Through grants have been made primarily to local educational agencies; however, a few grants have been made to Community Action Agencies. Funds for local projects are allocated so that the funds are distributed equitably between urban and rural areas in accordance with the OEO poverty index. Each project offers a range of comprehensive services to the low-income children, including health, nutrition, social services, and psychological services.

At least half of the low-income children enrolled in each Follow Through project are generally graduates of a full-year Head Start or a comparable pre-school program. The approaches used in the projects are designed to insure that every participating child emerges from the primary grades confident of his ability to learn and to be well-equipped with the skills and concepts that form the basis of later learning. The instructional components in Follow Through projects stress basic skill development. Emphasis is also placed upon the involvement of parents and communities in the educational lives of the participating children.

Accomplishments, 1972/1973:

During the 1972-1973 school year, the Follow Through Program awarded 155 grants and funded approximately 84,000 disadvantaged children. In addition, 48 State educational agencies received grants to provide technical assistance to their local educational agencies which operate Follow Through projects. Five selected State educational agencies developed plans to proliferate successful Follow Through approaches throughout their States. A national longitudinal evaluation study to compare children in Follow Through projects to similar children not supported by Follow Through was continued.

Follow Through children are currently at all grade levels K-3. The final group of entering grade level children (K or 1) began the program in September 1973. During the 1972-1973 school year Follow Through complete the testing of its fourth group of children entering the program. Follow Through now has entry level testing for approximately 85,000 children and entry interviews with 50,000 parents. These children will be tested again and their parents interviewed when the children leave the third grade.

The program calls for "planned variations" in teaching approaches. Observational data indicate that the Follow Through projects are being implemented as planned. Communities have demonstrated signs of positive acceptance and regard for Follow Through projects. Follow Through parents show a higher degree of involvement in school and community affairs than do non-Follow Through parents. In addition, Follow Through teachers indicate satisfaction with the methods offered by Follow Through.

Both cognitive and noncognitive data are collected on the children in the program. A preliminary analysis of data from the Metropolitan achievement Tests indicates that the highly structured approaches which place first priority on academic achievement are showing the greatest effects.

Another funded activity of Follow Through is its Supplementary Training Program. This is a college-oriented program that enables low-income paraprofessionals employed in local Follow Through projects to enroll in college courses leading to a two-year or four-year academic degree in job related areas. From July 1, 1971 through August 31, 1972 there were 1,053 enrollees in this training activity.

Plans for fiscal year 1974:

The Follow Through plans for fiscal year 1974 are as follows:

1. To begin phasing out the program one grade level each year beginning with the entry level (K or 1) in fiscal year 1974 so that only those children continuing the program (in grades above the entry level) will be funded from the fiscal year 1974 appropriation.

   The rationale for this policy is that once Follow-Through's basic purpose as an experimental program has been achieved, it should be phased out. What is learned from the Follow-Through program will be used to improve education for disadvantaged children through larger service programs such as Special Education Revenue Sharing.

2. To continue reducing the cost of local Follow Through projects. The objective is to reduce the average per student cost in these projects to the maximum level of $600.

3. To continue the national longitudinal evaluation study of the impact of Follow Through approaches upon students, parents, and institutions.

	1974 Estimate	1974 Estimate	Increase or Decrease
Equipment and Minor Remodeling..........	$1,500,000	---	$-1,500,000

Narrative

Purpose and Scope:

The purpose of this program under Title III of the National Defense Education Act is to strengthen instruction in twelve academic subjects through the acquisition of equipment and materials and through minor remodeling. Matching grants are allocated annually to State education agencies on a formula based on the number of school-age children in the State and the wealth in the State per school-age child.

In order to qualify for a grant, a State must submit through its State educational agency a State plan. Federal funds provide support up to 50 percent of the total costs of eligible projects and State administration costs. Federal funds are limited to public elementary and secondary schools, and materials must be other then textbooks and supplies consumed through use. Loans are made to private nonprofit schools for the same purposes.

Accomplishments, 1972-1973:

The $50,000,000 available for obligation in fiscal year 1972 provided support to approximately 18,000 local school agencies for acquisition of equipment and to State education agencies for administration of the State plan. Continued emphasis was placed by local educational agencies on cooperative efforts with the Elementary and Secondary Education Act, Title II program for special projects to support right-to-read efforts and the utilization of technology to improve instruction through computer assisted instructions and individually prescribed instruction projects.

In fiscal year 1973, the Administration requested some $1,500,000 to fund the costs of State administrative people operating this program but requested no funds for acquisition of equipment and minor remodeling.

Fiscal Year 1974:

This program is being terminated in fiscal year 1974. When this program was first authorized in 1958, there did not exist any other substantial Federal aid to elementary and secondary education. Today educational equipment can be purchased by school officials under a number of broader purpose educational authorities which provide assistance for the disadvantaged, the handicapped, and vocational education under Special Education Revenue Sharing.

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Educationally Deprived Children (ESEA I)

	1974	
1973	Authorization	Budget Estimate
$1,585,185,000	$5,097,023,228 1/	-0-

1/ Authorization expires June 30, 1973; legislation will be submitted to consolidate this activity into Special Education Revenue Sharing.

Purpose: Grants are made to States and to local school districts to expand services for children from low-income families; for handicapped children, dependent and neglected children, and orphans and juvenile delinquents. These funds are used to supplement existing State and local education outlays. Special incentive grants are also made to States and special grants for urban and rural schools serving areas with the highest concentrations of children from low-income families are made to local school districts.

Explanation: The basic Title I grant entitlement to local school districts is computed on a county basis by multiplying the number of eligible children by one-half the State or National per pupil expenditure, whichever is higher. This entitlement is then prorated down to the funds available and grants are made through the State.

Accomplishments in 1973: Approximately 6.1 million children in over 14,000 school districts are participating in this program.

Objectives for 1974: Under legislation to be proposed by the Administration, Federal support for compensatory education will be continued as part of Special Education Revenue Sharing.

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Supplementary Services (ESEA III)

	1974	
1973	Authorization	Budget Estimate
$146,393,000	$623,150,000 1/	-0-

1/ Authorization expires June 30, 1973; legislation will be submitted to consolidate this activity into Special Education Revenue Sharing.

Purpose: Grants are made to States and local education agencies to support supplementary educational centers and services including programs for guidance counseling and testing.

Explanation: Grants are allocated to the States on a formula basis with 85% of the grant to the State plan and 15% reserved to the Commissioner of Education for grants to local education agencies.

Accomplishments in 1973: Approximately 11 million children were aided by this program.

Objectives for 1974: Under legislation to be proposed by the Administration, Federal support for support services will be continued as part of Special Education Revenue Sharing.

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Strengthening State Departments of Education
(ESEA, Title V, Part A)

1973	1974 Authorization	1974 Budget Estimate
$33,000,000	$90,000,000 1/	-0-

1/ Authorization expires June 30, 1973. Funding for fiscal year 1974 is authorized by the General Education Provisions Act, Section 413 (c).

Purpose: Provides grants to State educational agencies to strengthen leadership resources and reinforce their ability to identify and to meet the needs of elementary and secondary education. Grants are also made to State and to local educational agencies in order to assist and stimulate them in comprehensive educational planning.

Explanation: Funds are provided on a formula basis to State educational agencies upon submission and approval of a plan. Five percent of the funds under Part A are reserved for special projects which deal with the solution of problems common to all the States.

Accomplishments in 1973: Assistance was provided to 56 State and territorial educational agencies.

Objectives for 1974: Federal support is being terminated. Special education revenue sharing will increase the capacity of States to administer education programs.

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Strengthening State Departments of Education
(General Education Provision Act, Section 411)

	1974	
1973	Authorization	Budget Estimate
$5,000,000	$25,000,000	-0-

Purpose: Section 411 of the General Education Provision Act authorizes the appropriation of such funds as may be necessary to be available to the Secretary for (1) planning programs and projects, and (2) evaluation of programs and projects for any program for which the Commissioner of Education has responsibility for administration, either as provided by statute or by delegation pursuant to statute.

Explanation: Funds are provided in a flat grant basis to State Education Agencies upon submission of an application. Each State Education Agency was granted $96,000 with lesser amounts provided to outlying territories.

Accomplishments in 1973: With the limited resources provided under grants made from this program, the State educational agencies have increased the development and implementation of statewide planning and evaluation activities, including leadership and services.

Objective for 1974: Federal support is being terminated. Special education revenue sharing will increase the capacity of States to administer education programs.

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Bilingual Education (ESEA VII)

	1974	
1973	Authorization	Budget Estimate
$35,08[illegible],000	$135,000,000 1/	$35,000,000

1/ Authorization expires June 30, 1973. Funding for fiscal year 1974 is authorized by the General Education Provisions Act, Section 413(c).

Purpose: Bilingual Education is a discretionary grant program which provides funds to local educational agencies in support of projects designed to meet the special needs of children who come from environments where the dominant language is other than English and who come from low-income families.

Explanation: Applications are accepted from local educational agencies or from institutions of higher education applying jointly with a local educational agency. Such applicants must notify the State educational agency of their application and, to be approved, must meet the criteria set up by legislation.

Accomplishment in 1973: During this fiscal year 217 projects were funded which benefitted approximately 111,000 children.

Objectives for 1974: Estimate provides $25 million for the continuation and expansion of 147 ongoing projects and $10 million for the funding of approximately 64 new projects.

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Follow Through (Economic Opportunity Act of 1964,
Section 222(a)(2))

	1974	
1973	Authorization	Budget Estimate
$57,700,000	$70,000,000	$41,000,000

Purpose: An experimental compensatory education program to develop and test new ways to educate disadvantaged children in the early primary grades.

Explanation: Local school districts applying to participate in this program are assisted in implementing the educational approach they choose by a program sponsor--usually the institution which has developed the approach. Cooperating school districts are also required to match a portion of the Follow Through funds they receive.

Accomplishments in 1973: Funds were provided through 155 continuing grants, for 173 Follow Through projects, providing services to approximately 84,000 disadvantaged children.

Objectives for 1974: The budget begins gradual phase-out of this experimental program. Results of experimental models that have proved valuable to the education of low-income children will be available for use in other programs such as Special Education Revenue Sharing.

OFFICE OF EDUCATION

Elementary and Secondary Education

Program Purpose and Accomplishments

Activity: Equipment and Minor Remodeling (National Defense Education Act, Title III)

	1974	
1973	Authorization	Budget Estimate
$1,500,000	$140,500,000	-0-

Purpose: Grants and loans are made for the acquisition of instructional equipment and materials, including minor remodeling necessary for the installation and use of such equipment to improve teaching in critical subjects in elementary and secondary schools.

Explanation: Grants are made to States for acquisition of equipment on a matching basis according to a formula prescribed by law. Grants are also made to States to cover the costs of administering this program. Loans are made to private nonprofit schools to also acquire equipment.

Accomplishments in 1973: No funds are requested for grants to States for the purchase of equipment. An amount of $1.5 million is requested to continue State administrative staffs during the phase-out period.

Objectives for 1974: This program is being terminated completely in 1974. Federal support for the purchase of equipment and instructional materials will be available, at the discretion of State and local officials, under the broader purpose authority of Special Education Revenue Sharing.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Elementary and Secondary Education

Title I-A, Educationally Deprived Children

State or Outlying Area	1972 Actual	1973 Estimate[1]	1974 Estimate[2]
TOTAL	$1,565,237,842	$1,548,719,975	$ -0-
Alabama	42,102,840	36,870,944	---
Alaska	2,282,421	3,555,831	---
Arizona	11,201,301	10,646,258	---
Arkansas	26,234,762	23,237,575	---
California	135,233,658	125,696,387	---
Colorado	12,843,239	12,889,379	---
Connecticut	13,939,862	14,012,968	---
Delaware	3,326,649	3,354,193	---
Florida	37,844,005	35,414,581	---
Georgia	41,681,953	43,322,261	---
Hawaii	3,638,800	4,162,833	---
Idaho	3,847,638	3,809,280	---
Illinois	68,662,736	76,324,460	---
Indiana	20,033,605	22,026,718	---
Iowa	16,581,183	15,883,264	---
Kansas	12,105,441	11,018,347	---
Kentucky	38,084,197	33,862,731	---
Louisiana	37,176,643	34,681,789	---
Maine	6,378,608	6,536,987	---
Maryland	21,240,945	22,300,231	---
Massachusetts	27,121,119	28,769,874	---
Michigan	55,196,289	61,337,694	---
Minnesota	22,935,624	23,039,546	---
Mississippi	43,902,008	38,381,290	---
Missouri	28,205,258	26,278,476	---
Montana	4,217,141	4,054,344	---
Nebraska	8,338,394	8,121,997	---
Nevada	1,273,829	1,307,882	---
New Hampshire	2,393,571	2,555,133	---
New Jersey	51,140,973	51,122,618	---
New Mexico	11,025,814	8,843,837	---
New York	207,038,955	214,937,068	---
North Carolina	60,833,468	57,023,877	---
North Dakota	5,417,079	5,163,523	---
Ohio	44,587,151	49,500,133	---
Oklahoma	19,820,401	18,711,558	---
Oregon	12,267,090	11,381,341	---
Pennsylvania	73,924,786	72,479,749	---
Rhode Island	5,845,803	5,586,681	---
South Carolina	36,356,564	32,755,045	---

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
South Dakota	$ 6,682,567	$ 6,101,152	$ ---
Tennessee	38,262,508	33,908,383	---
Texas	90,093,691	88,421,328	---
Utah	4,379,775	4,733,894	---
Vermont	2,620,838	2,897,016	---
Virginia	36,127,339	34,872,305	---
Washington	15,952,758	16,868,951	---
West Virginia	21,493,525	18,626,657	---
Wisconsin	19,327,021	20,415,542	---
Wyoming	1,810,025	1,695,472	---
District of Columbia	9,285,465	11,606,404	---
American Samoa	358,046	356,987	---
Guam	970,721	942,157	---
Puerto Rico	27,481,227	29,244,989	---
Trust Territories	1,074,404	597,415	---
Virgin Islands	559,129	1,088,077	---
Dept. of Interior, BIA	12,477,000	15,384,563	---

1/ Total of all Part A, Program grants. State agency grants reduced to fiscal year 1972 aggregate amount and county LEA grants reduced without a floor provision. Parts B and C are not shown since the State distribution for these Parts has not yet been determined. The figure includes the full amount assigned to each State for education of migratory children from the national total of $58,379,906, although $725,000 of this total is to be set aside for operation of the record transfer system.

2/ Funds previously carried under this appropriation are shown in 1974 under proposed legislation, Special Education Revenue Sharing.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Elementary and Secondary Education

Title III, Supplementary Educational Services

State or Outlying Area	1972 Actual	1973 Estimate[1]	1974 Estimate[2]
TOTAL	$ 145,836,938	$ 146,168,000	-0-
Alabama	2,508,858	2,449,468	---
Alaska	539,610	539,162	---
Arizona	1,415,186	1,425,868	---
Arkansas	1,539,539	1,483,609	---
California	12,513,028	12,658,630	---
Colorado	1,623,996	1,670,727	---
Connecticut	2,087,864	2,119,208	---
Delaware	677,311	681,038	---
Florida	4,198,174	4,337,343	---
Georgia	3,236,329	3,168,026	---
Hawaii	829,122	809,352	---
Idaho	794,149	787,531	---
Illinois	7,188,477	7,241,045	---
Indiana	3,512,220	3,558,086	---
Iowa	2,040,799	2,028,533	---
Kansas	1,733,252	1,664,413	---
Kentucky	2,293,271	2,268,435	---
Louisiana	2,714,843	2,643,651	---
Maine	928,497	938,488	---
Maryland	2,641,007	2,729,392	---
Massachusetts	3,605,664	3,740,901	---
Michigan	5,968,863	6,026,892	---
Minnesota	2,657,851	2,707,542	---
Mississippi	1,822,205	1,726,634	---
Missouri	3,159,124	3,145,843	---
Montana	776,115	778,266	---
Nebraska	1,220,868	1,228,975	---
Nevada	629,593	638,079	---
New Hampshire	771,938	782,786	---
New Jersey	4,662,810	4,687,548	---
New Mexico	1,013,903	1,002,483	---
New York	11,386,728	11,317,078	---
North Carolina	3,536,034	3,445,821	---
North Dakota	734,666	731,658	---
Ohio	7,101,900	7,043,933	---
Oklahoma	1,839,415	1,833,574	---
Oregon	1,548,998	1,574,962	---
Pennsylvania	7,487,161	7,533,983	---
Rhode Island	870,911	885,352	---
South Carolina	2,011,043	1,933,957	---

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
South Dakota	$ 760,750	$ 759,238	---
Tennessee	2,733,901	2,685,525	---
Texas	7,639,855	7,439,734	---
Utah	1,023,941	1,018,081	---
Vermont	608,797	614,621	---
Virginia	3,188,394	3,155,554	---
Washington	2,351,658	2,373,199	---
West Virginia	1,400,437	1,368,140	---
Wisconsin	2,971,437	3,087,703	---
Wyoming	550,642	552,486	---
District of Columbia	807,169	760,407	---
American Samoa	189,597	188,128	---
Guam	254,023	262,424	---
Puerto Rico	3,151,235	3,144,654	---
Trust Territories	280,555	282,758	---
Virgin Islands	209,835	210,427	---
BIA	302,195	296,649	---
Adjustment	-408,705	---	---

1/ Estimated distribution of $146,393,000 with $225,000 reserved for Advisory Council and distribution of $146,168,000 as per memorandum from the Office of the General Counsel. 3% of $146,168,000 reserved for the outlying areas.

2/ Funds previously carried under this appropriation are shown in 1974 under proposed legislation, Special Education Revenue Sharing.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Elementary and Secondary Education

Title V-A, Strengthening State Departments of Education

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
TOTAL	$ 31,281,702	$31,350,000	-0-
Alabama	574,835	564,318	---
Alaska	272,009	273,028	---
Arizona	409,900	417,468	---
Arkansas	426,890	427,024	---
California	2,098,831	2,101,559	---
Colorado	458,433	461,857	---
Connecticut	502,162	506,892	---
Delaware	293,686	294,272	---
Florida	809,956	814,377	---
Georgia	689,973	682,260	---
Hawaii	313,072	313,506	---
Idaho	313,648	314,185	---
Illinois	1,180,269	1,187,340	---
Indiana	735,463	735,492	---
Iowa	507,818	506,048	---
Kansas	450,383	446,696	---
Kentucky	525,328	528,979	---
Louisiana	585,959	579,240	---
Maine	338,013	339,218	---
Maryland	601,401	608,908	---
Massachusetts	704,678	709,893	---
Michigan	1,116,121	1,116,687	---
Minnesota	610,264	610,754	---
Mississippi	473,428	455,566	---
Missouri	676,281	658,396	---
Montana	311,592	311,928	---
Nebraska	374,712	373,128	---
Nevada	290,935	292,185	---
New Hampshire	302,461	304,717	---
New Jersey	828,658	836,104	---
New Mexico	352,607	353,957	---
New York	1,660,694	1,637,261	---
North Carolina	720,045	719,721	---
North Dakota	300,681	300,001	---
Ohio	1,220,401	1,215,052	---
Oklahoma	488,416	492,736	---
Oregon	434,490	433,532	---
Pennsylvania	1,177,434	1,187,928	---
Rhode Island	313,815	316,497	---
South Carolina	502,885	497,091	---

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
South Dakota	$ 308,322	$ 307,749	---
Tennessee	601,172	602,342	---
Texas	1,354,060	1,381,408	---
Utah	363,157	363,045	---
Vermont	281,355	282,379	---
Virginia	675,063	674,169	---
Washington	572,509	569,340	---
West Virginia	403,150	401,407	---
Wisconsin	636,994	640,028	---
Wyoming	275,893	275,856	---
District of Columbia	301,195	299,476	---
American Samoa	73,280	70,000	---
Guam	76,145	79,251	---
Puerto Rico	321,194	326,642	---
Virgin Islands	73,428	70,000	---
Trust Territory	80,131	81,107	---
Adjustment	-64,971		

1/ Distribution of $33,000,000 with 5 percent ($1,650,000) reserved for special projects, 2 percent ($627,000) of the balance reserved for the outlying areas, and the balance distributed with 40 percent in equal amounts and 60 percent distributed on the basis of the total public school elementary and secondary enrollment, Fall 1970.

2/ This program is terminated in 1974.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Elementary and Secondary Education

Section 411, General Education Provisions Act 1/

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ -0-	$ 5,000,000	$ -0-
Alabama	---	96,000	---
Alaska	---	96,000	---
Arizona	---	96,000	---
Arkansas	---	96,000	---
California	---	96,000	---
Colorado	---	96,000	---
Connecticut	---	96,000	---
Delaware	---	96,000	---
Florida	---	96,000	---
Georgia	---	96,000	---
Hawaii	---	96,000	---
Idaho	---	96,000	---
Illinois	---	96,000	---
Indiana	---	96,000	---
Iowa	---	96,000	---
Kansas	---	96,000	---
Kentucky	---	96,000	---
Louisiana	---	96,000	---
Maine	---	96,000	---
Maryland	---	96,000	---
Massachusetts	---	96,000	---
Michigan	---	96,000	---
Minnesota	---	96,000	---
Mississippi	---	96,000	---
Missouri	---	96,000	---
Montana	---	96,000	---
Nebraska	---	96,000	---
Nevada	---	96,000	---
New Hampshire	---	96,000	---
New Jersey	---	96,000	---
New Mexico	---	96,000	---
New York	---	96,000	---
North Carolina	---	96,000	---
North Dakota	---	96,000	---
Ohio	---	96,000	---
Oklahoma	---	96,000	---
Oregon	---	96,000	---
Pennsylvania	---	96,000	---
Rhode Island	---	96,000	---
South Carolina	---	96,000	---

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
South Dakota	---	96,000	---
Tennessee	---	96,000	---
Texas	---	96,000	---
Utah	---	96,000	---
Vermont	---	96,000	---
Virginia	---	96,000	---
Washington	---	96,000	---
West Virginia	---	96,000	---
Wisconsin	---	96,000	---
Wyoming	---	96,000	---
District of Columbia	---	67,000	---
American Samoa	---	16,500	---
Guam	---	16,500	---
Puerto Rico	---	67,000	---
Trust Territories	---	16,500	---
Virgin Islands	---	16,500	---

1/ This activity was funded in 1971 and in 1973.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Elementary and Secondary Education

Title III, National Defense Education Act
Grants to States for Equipment and Minor Remodeling

State or Outlying Areas	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ 47,749,000	---	-0-
Alabama	1,136,469	---	---
Alaska	81,230	---	---
Arizona	519,385	---	---
Arkansas	612,603	---	---
California	3,606,735	---	---
Colorado	542,606	---	---
Connecticut	464,475	---	---
Delaware	121,765	---	---
Florida	1,478,113	---	---
Georgia	1,371,146	---	---
Hawaii	206,984	---	---
Idaho	227,865	---	---
Illinois	2,033,514	---	---
Indiana	1,235,962	---	---
Iowa	679,824	---	---
Kansas	569,563	---	---
Kentucky	943,379	---	---
Louisiana	1,241,731	---	---
Maine	265,167	---	---
Maryland	836,034	---	---
Massachusetts	979,895	---	---
Michigan	2,127,321	---	---
Minnesota	993,140	---	---
Mississippi	807,522	---	---
Missouri	1,075,448	---	---
Montana	207,290	---	---
Nebraska	360,036	---	---
Nevada	93,713	---	---
New Hampshire	167,313	---	---
New Jersey	1,215,916	---	---
New Mexico	378,822	---	---
New York	2,669,929	---	---
North Carolina	1,518,683	---	---
North Dakota	197,599	---	---
Ohio	2,558,443	---	---
Oklahoma	642,148	---	---
Oregon	464,377	---	---
Pennsylvania	2,430,040	---	---
Rhode Island	169,701	---	---
South Carolina	900,151	---	---

State or Outlying Areas	1972 Actual	1973 Estimate	1974 Estimate
South Dakota	$ 205,944	---	---
Tennessee	1,129,203	---	---
Texas	3,244,678	---	---
Utah	369,409	---	---
Vermont	113,326	---	---
Virginia	1,210,496	---	---
Washington	716,559	---	---
West Virginia	509,873	---	---
Wisconsin	1,072,445	---	---
Wyoming	92,455	---	---
District of Columbia	116,954	---	---
American Samoa	50,000	---	---
Guam	50,000	---	---
Puerto Rico	585,625	---	---
Trust Territory	50,000	---	---
Virgin Islands	50,000	---	---
BIA	50,000	---	---

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Elementary and Secondary Education

Title III, National Defense Education Act
State Administration of Grants for Equipment and Minor Remodeling

State or Outlying Areas	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ 1,999,968	$1,500,000	-0-
Alabama	33,703	25,278	---
Alaska	13,333	9,999	---
Arizona	17,221	12,916	---
Arkansas	18,419	13,815	---
California	175,946	131,960	---
Colorado	20,109	15,083	---
Connecticut	26,519	19,890	---
Delaware	13,333	9,999	---
Florida	56,136	42,102	---
Georgia	44,377	33,307	---
Hawaii	13,333	9,999	---
Idaho	13,333	9,999	---
Illinois	100,264	75,198	---
Indiana	48,142	36,107	---
Iowa	26,237	19,678	---
Kansas	21,483	16,113	---
Kentucky	30,040	22,530	---
Louisiana	37,788	28,341	---
Maine	13,333	9,999	---
Maryland	35,464	26,598	---
Massachusetts	47,755	35,817	---
Michigan	85,402	64,052	---
Minnesota	36,309	27,232	---
Mississippi	23,948	17,961	---
Missouri	41,873	31,405	---
Montana	13,333	9,999	---
Nebraska	13,629	10,223	---
Nevada	13,333	9,999	---
New Hampshire	13,333	9,999	---
New Jersey	62,475	46,857	---
New Mexico	13,333	9,999	---
New York	154,533	115,899	---
North Carolina	48,212	36,159	---
North Dakota	13,333	9,999	---
Ohio	100,545	75,409	---
Oklahoma	22,539	16,905	---
Oregon	18,243	13,683	---
Pennsylvania	101,813	76,359	---
Rhode Island	13,333	9,999	
South Carolina	26,695	20,022	---

State or Outlying Areas	1972 Actual	1973 Estimate	1974 Estimate
South Dakota	$ 13,333	$ 9,999	---
Tennessee	36,027	27,021	---
Texas	109,737	82,302	---
Utah	13,333	9,999	---
Vermont	13,333	9,999	---
Virginia	42,930	32,198	---
Washington	30,639	22,980	---
West Virginia	15,953	11,964	---
Wisconsin	40,535	30,402	---
Wyoming	13,333	9,999	---
District of Columbia	13,333	9,999	---
American Samoa	4,000	3,000	---
Guam	4,000	3,000	---
Puerto Rico	19,000	14,250	---
Trust Territory	4,000	3,000	---
Virgin Islands	4,000	3,000	---

1/ Allotments to the States are three-fourths of the fiscal year 1972 appropriation. Funds allotted in fiscal year 1972 were based on the latest school-age population data according to specific formula provisions of Section 302(a) of the National Defense Education Act, as amended. Allotments to outlying areas of the United States are determined by the Commissioner of Education under Section 1008 of NDEA as amended.

Tuesday, March 13, 1973.

SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS

WITNESSES

DUANE J. MATTHEIS, DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS

DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION, DESIGNATE

DR. JOHN H. RODRIGUEZ, ASSOCIATE DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS

ROBERT R. WHEELER, ASSOCIATE COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION

GERALD M. CHERRY, DIRECTOR, DIVISION OF SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS

DR. JOHN W. EVANS, ACTING DEPUTY COMMISSIONER FOR PLANNING, EVALUATION, AND MANAGEMENT

JAMES B. ROBERTS, EXECUTIVE OFFICER FOR SCHOOL SYSTEMS

JOE G. KEEN, BUDGET OFFICER

THOMAS McNAMARA, BUDGET ANALYST

CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

Object Classification (in thousands of dollars)

Identification code 09-40-0280-0-1-601		1972 actual	1973 est.	1974 est.
	Personnel compensation:			
11.1	Permanent positions	538	---------	---------
11.3	Positions other than permanent	10	---------	---------
	Total personnel compensation	548	---------	---------
12.1	Personnel benefits: Civilian	44	---------	---------
21.0	Travel and transportation of persons	25	---------	---------
22.0	Transportation of things	4	---------	---------
24.0	Printing and reproduction	3	---------	---------
25.0	Other services	58	---------	---------
26.0	Supplies and materials	10	---------	---------
31.0	Equipment	381	---------	---------
32.0	Lands and structures	5, 407	5, 542	---------
41.0	Grants, subsidies, and contributions	602, 305	433, 579	60, 500
99.0	Total obligations	608, 785	439, 121	60, 500

Personnel Summary

Total number of permanent positions	34	---------	---------
Full-time equivalent of other positions	1	---------	---------
Average paid employment	35	---------	---------
Employees in permanent positions, end of year	34	---------	---------
Employees in other positions, end of year	1	---------	---------
Average GS grade	10.0	---------	---------
Average GS salary	$16, 467	---------	---------

Program and Financing (in thousands of dollars)

Identification code 09-40-0280-0-1-601		1972 actual	1973 est.	1974 est.
	Program by activities:			
	1. Maintenance and operations	583, 332	415, 000	41, 500
	2. Construction	25, 453	24, 121	19, 000
10	Total obligations	608, 785	439, 121	60, 500
	Financing:			
21	Unobligated balance available, start of year	−13, 609	−8, 210	---------
24	Unobligated balance available, end of year	8, 210	---------	---------
25	Unobligated balance, lapsing	9, 248	---------	---------
40	**Budget authority (appropriations)**	**612, 634**	**430, 910**	**60, 500**
	Relation of obligations to outlays:			
71	Obligations incurred, net	608, 785	439, 121	60, 500
72	Obligated balance, start of year	205, 351	159, 745	131, 324
74	Obligated balance, end of year	−159, 745	−131, 324	−60, 806
77	Adjustments in expired accounts	−5, 089	---------	---------
90	Outlays	649, 302	467, 542	131, 018

Mr. Flood. Now we have the Department of Health, Education, and Welfare, continuing with the Office of Education, school assistance in federally affected areas.

The presentation is to be made by Duane J. Mattheis, Deputy Commissioner for School Systems.

We already have your biographical sketch, Mr. Mattheis.

I see you have a prepared statement. How do you wish to proceed with that?

INTRODUCTION OF SUPPORTING WITNESSES

Mr. Mattheis. I would like to acknowledge the presence of the Assistant Secretary for Education, Dr. Marland, who has joined us.

On my immediate left is Gerald M. Cherry, the Director of the Division of School Assistance in Federally Affected Areas, who will participate in the presentation this afternoon.

I would like to begin with the prepared statement, if I may.

Mr. Flood. All right.

GENERAL STATEMENT

Mr. Mattheis. Mr. Chairman and members of the committee; we are requesting $60,500,000 to be appropriated in 1974 for schools in areas affected by Federal activities. This compares with a comparable figure of $57,410,000 in 1973.

MAINTENANCE AND OPERATION ASSISTANCE

The amount of $41,500,000 is requested to fund entitlements under section 6 of Public Law 81-874. Entitlements under section 6 provide the full cost of educating children who reside on Federal property in States where, due to State law or for other reasons, local school districts are unable to provide suitable free public education for such children. Schools operated under section 6 cannot be terminated until the Commissioner of Education and the Secretary of the Federal department concerned jointly determine, after consultation with the appropriate State education agency, that a local education agency is able to provide suitable free public education for the children attending such schools. Under section 6, there will be 26 projects serving close to 50,000 pupils in 1974. In 1974 funds for 3A students, those whose parents live on and work on Federal property, will be requested under special education revenue sharing. In the case of 3B students, those whose parents live on or work on Federal property, the Federal government will be terminating support. Unlike the 3B students where there is little if any local tax base, the 3B students' parents are in the community tax base through either their place of employment or their place of residence. In many cases the income of the 3B students' parents may stimulate increases in economic activity and taxable wealth that combined with the taxes paid on residences or on places of employment, will offset the education cost.

ASSISTANCE FOR CONSTRUCTION

In addition, $19 million has been requested under Public Law 81-815 to provide financial assistance to local school districts for the construction of school facilities in areas where enrollments are increased by Federal activities. These funds will be used to fund sections 5 and 14. Sixty-five percent or $12,350,000 of the Public Law 815 budget is requested for section 5 which provides assistance to local school districts for the construction of school facilities in areas where Federal activities have resulted in increased enrollments of children of parents who work on and/or reside on Federal property or who represent an increase in Federal activity either directly or through a contractor. The budget for 1973 contained funds, for the first time since 1967, for school districts eligible under section 5. Many children in these districts are on double shifts and/or are attending school in makeshift arrangements, such as church basements, due to the lack of school facilities. In a number of cases, the non-Federal local people have already raised their fair share of the cost of constructing new facilities. Further, new construction cannot be started until the Federal Government provides its share.

The remaining 35 percent or $6,650,000 will be used under section 14 to aid school construction for children residing on Indian land. This 1974 budget request for section 14 represents a $3 million increase over the 1973 request for much-needed funds for Indian school construction.

Thank you, Mr. Chairman. My associates and I will be happy to answer any questions you may have.

THE 1973 FUNDING POLICY

Mr. Flood. What is the current policy for the impacted aid during fiscal year 1973? By that I mean how much are you going to allocate for the A children and how much for the B children?

Mr. Mattheis. The determination on the 1973 budget is involved with the continuing resolution. I would ask Mr. Miller to speak to that, if I may.

Mr. Miller. You may want to tell the committee what our spending plan is.

Mr. Flood. What is the policy?

Mr. Mattheis. Our budget request is aid for the A children and for the B military children, nothing for regular 3B children for this 1973 fiscal year.

Mr. Miller. The way we will go under B is an open question.

Mr. Flood. How much will you give to the A group and to the B group?

Mr. Miller. We do not yet know the answer to that.

Mr. Michel asked me when we would, and I hoped it would be a week from yesterday, and we will inform the committee immediately.

Dr. Ottina. We might expand the statement my saying that up until February 28, we were paying A's at 100 percent, and military B's at 100 percent, but no other B's. There were also a few hardship provision payments. The continuing resolution that passed as of the 1st of March was signed into law shortly thereafter is the interpretation Mr. Miller was talking about which we should have within a few days.

Mr. Miller. I said a week from yesterday, which I am afraid may be optimistic.

BASIS USED FOR THE 1974 BUDGET

Mr. **Flood**. The approach that you make in the budget which removes the inequities of impact aid is certainly positive and direct. You just chop off the category B. At least, your approach is very equitable, because everybody in category B gets zero. It is not hard to figure that one out.

But isn't that rather blunt? For instance, what about the school districts where they have a large number of military families living off the base, and what about these very small school districts that receive a very large proportion of their budget from the impact aid?

Mr. **Mattheis**. I think there are a number of ramifications of this.

First of all, although it would appear to be perhaps blunt as one reviews a budget request such as this, this entire area of impact aid has been under discussion during a number of administrations, and requests for changes have been forthcoming. So, really, the change is not new.

The fact that action is being taken perhaps is new. So, it is not a new item.

In the past year, in fiscal year 1973, we moved back in one category of the B students, and have been funding just the military B students. That is a transitional type of approach that we have been implementing.

Then the other question, as you have indicated, is a larger philosophical one as to whose responsibility it is for these children residing in these school districts whose parents are employees of the Federal Government.

Studies have been done. The one we quote most often is the Battelle study, which found it very difficult to assess an actual or absolute impact of these Federal employees' children on the school districts. Because of all of the other peripheral impact of these children and their parents in the community—paying various kinds of taxes, contributing to various private as well as public agencies that operate in communities, they simply came to the conclusion that they could not identify an absolute responsibility and impact of the Federal Government.

We have concurred with that, and that is the reason for the recommended budget that we have before you.

NUMBER OF INDIAN CHILDREN

Mr. **Flood**. You were talking about the Indians. How many of the Indian children and how much funding for them do you include in category B?

Mr. **Mattheis**. Can you give me a breakdown on the Indian children?

They are all classified as A children.

Dr. **Ottina**. About 60,000.

SCHOOL DISTRICTS RECEIVING LARGEST PAYMENTS

Mr. **Flood**. For the record, give us a list of the top 50 recipients of impact aid distributed between category A and category B, and show the total educational expenditures for those school districts.

[The information follows:]

Insert, Page 2193

Estimated Fifty Largest Payments to School Districts

Title I and IV, Public Law 874, as Amended

Fiscal Year 1972

State	Name of School District	Estimated Total Share of 1972 Appropriation	A amount	B amount	Total Current Expenditures
Alaska	Alaska Dept. of Education	19,931,970	19,349,888	582,082	29,843,574
Virginia	Co. Sch. Cd. of Fairfax Co.	11,739,996	1,028,975	10,711,020	114,888,032
Hawaii	Bd. of Ed. of State of Hawaii	10,945,538	6,330,840	4,614,697	183,447,647
Maryland	Prince Georges Co. Bd. of Ed.	10,556,612	860,788	9,695,824	148,633,649
Maryland	Bd. of Ed. of Montgomery Co.	6,289,767	71,732	6,218,035	149,510,657
California	San Diego Unif. S D	5,743,694	2,321,084	3,422,609	108,165,674
New York	S D of the City of New York	5,400,032	1,231,902	4,168,130	1,308,100,000
D. C.	D. C. Public Schools	3,965,678	164,030	3,801,648	138,755,400
Illinois	Chicago Pub. Schs. No. 299	3,706,748	10,158	3,696,590	624,900,000
Florida	Brevard Co. Bd. of Pub. Inst.	3,580,814	677,718	2,903,095	45,508,906
California	Los Angeles Unified S D	3,407,893	444,195	2,963,697	565,317,622
Maryland	Bd. of Ed. of Anne Arundel Co.	3,353,176	1,468,763	1,884,413	58,803,387
Virginia	Sch. Bd. of the City of Norfolk	3,170,381	1,356,222	1,814,158	35,939,955

State	Name of School District	Estimated Total Share of 1972 Appropriation	A amount	B amount	Total Current Expenditures
Colorado	Colorado Springs S D No. 11	2,019,391	189,714	1,829,676	28,958,217
New Jersey	Pemberton TWP Bc. Ed.	1,904,330	1,385,253	519,077	5,989,460
Virginia	City Sch. Bd. of Hampton	1,883,377	378,011	1,505,366	20,852,976
North Dakota	Minot Pub. S D No. 1	1,838,805	1,677,369	161,436	9,355,650
Florida	Duval Co. Bd. of Pub. Inst.	1,833,796	447,308	1,386,488	83,672,399
Alaska	Greater Anchorage Area Boro S D	1,832,344	10,980	1,821,363	46,158,990
Maryland	Bd. of Ed. of Harford Co.	1,815,611	683,273	1,132,337	24,015,614
Connecticut	Town of Groton Bd. of Ed.	1,738,378	1,571,949	166,428	7,845,765
California	Travis Unified S D	1,737,733	1,729,679	8,053	3,791,132
North Carlina	Cumberland Co. Bd. of Ed.	1,733,145	--	1,733,145	17,000,000
North Dakota	Grand Forks Pub. S D No. 1	1,727,496	1,583,890	143,605	8,412,710
Texas	San Antonio I S D	1,670,755	101,172	1,569,582	41,390,380
Texas	Fort Worth I S D	1,669,648	408,502	1,261,146	50,357,585
California	San Francisco Unified S D	1,627,888	934,188	719,762	108,373,512
Georgia	Cobb Co. Bd. of Ed.	1,586,148	12,783	1,573,364	22,212,936
South Dakota	Douglas I S D No. 3	1,581,698	1,242,639	54,639	2,852,466
Colorado	S D No. 1, Denver	1,551,802	463,128	1,088,673	92,882,000
Massachusetts	Town of Ayer Sch. Committee	1,545,846	1,460,508	85,338	2,685,000

State	Name of School District	Estimated Total Share of 1972 Appropriation	A amount	B amount	Total Current Expenditures
Virginia	Sch. Bd. of the City of Va. Beach	3,157,217	379,744	2,777,472	27,128,868
California	Monterey Peninsula Unif. S D	3,098,163	2,363,279	734,883	16,011,000
Nebraska	S D of the City of Bellevue	2,892,866	2,196,764	696,101	7,453,053
New Mexico	Albuquerque Mun S D No. 12	2,841,316	957,676	1,883,639	53,267,592
Florida	Okaloosa Co. Bd. of Pub. Inst.	2,799,514	1,215,458	1,584,056	17,044,828
Pennsylvania	S D of Philadelphia	2,738,949	334,051	2,404,898	364,361,000
Texas	El Paso I S D	2,617,989	1,228,971	1,389,017	37,450,140
New Mexico	Gallup McKinley Co. Bd. of Ed.	2,600,385	2,454,247	146,138	12,342,428
Guam	Territory ofGuam Dept. of Ed.	2,589,560	1,576,146	1,013,413	21,941,293
California	Oceanside Unified S D	2,547,909	789,501	524,658	10,058,180
South Carolina	Charleston Co. S D	2,460,867	785,474	1,675,392	25,482,872
California	Lompoc Unified S D	2,345,129	1,614,847	730,281	11,444,012
Washington	Clover Park S D No. 4	2,242,810	1,656,240	586,570	11,449,632
Nevada	Clark Co. S D	2,240,906	819,429	1,421,477	62,259,733
Alabama	Huntsville City Bd. of Ed.	2,097,987	349,946	1,748,040	16,313,582
Utah	Davis Co. S D	2,096,755	463,939	1,632,815	21,267,086
Virginia	Co. Sch. Bd. of Arlington Co.	2,076,990	156,506	1,920,483	31,739,276
Texas	Killeen I S D	2,025,683	1,316,631	709,052	6,520,070
Oklahoma	Lawton I S D No. 8	2,021,845	803,838	1,218,007	10,000,000

ALTERNATIVE TO REVENUE SHARING

Mr. FLOOD. Suppose Congress, as they say, in its wisdom decides not to enact the education revenue sharing, what do you think this committee could do about impact aid?

Mr. MATTHEIS. The request that we have before you is twofold: One, where we have the A category to be a part of the educational revenue sharing bill, and two, for the other portion, those children who are attending schools where the local educational agency is unable to provide suitable free education, we are requesting a budget item for their coverage. That is the way we are recommending the impact-aid program be carried forward.

Mr. FLOOD. If there is no law. Suppose we decide not to enact revenue sharing, what do you think the committee should do about impact aid?

Mr. MATTHEIS. That again gets into this area of contingencies, and we have not determined any contingencies at this juncture. We are planning on the enactment of the special education revenue sharing.

Dr. OTTINA. I am sure you recognize that the statute which authorizes payment for the A's is one that does not expire. So, it would remain in effect. It is only that portion that deals——

Mr. FLOOD. I know that. I asked you, what do you think this committee should do in case you do not get a law?

Dr. OTTINA. We would propose that we would fund the A children as we propose. We would not seek funding for the B's.

EFFECT OF CONTINUING EXISTING PROGRAM

Mr. FLOOD. Just in case, again, that this Education Act fails to become law this year, will you supply for the record—very seldom do we do this, but this is 3 times this week—appropriation language necessary to continue the existing law along the lines recommended by this committee for the last 3 years; that is, fully fund category A where this category is 25 percent or more of the total school enrollment, and 90 percent of the funding for other category A, and 73 percent of funding for category B. Then extend the tables you have on pages 63 and 64 of your justifications just to show that information.

[The information follows:]

PROPOSED 1974 APPROPRIATION LANGUAGE FOR SAFA

SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS

For carrying out title I of the act of September 30, 1950, as amended (20 U.S.C., ch. 13), and the act of September 23, 1950, as amended (20 U.S.C., ch. 19), $633,695,000, of which $614,695,000, which shall include to total amounts payable under section 6, shall be for the maintenance and operation of schools as authorized by said title I of the act of September 30, 1950, as amended, and $19 million, which shall remain available until expended, shall be for providing school facilities as authorized by said act of September 23, 1950: *Provided*, That none of the funds contained herein shall be available to pay any local educational agency in excess of 90 percent of the amounts to which such agency would otherwise be entitled pursuant to section 3(a) of said title I if the number of children in average daily attendance in the schools of that agency eligible under said section 3(a) is less than 25 percent of the total number of children in such schools: *Provided further*, That none of the funds contained herein shall be available to pay any local educational agency in excess of 73 percent of the amounts to which such agency would otherwise be entitled pursuant to section 3(b) of title I: *Provided further*, That none of the funds contained herein for providing school facilities shall be available to pay for any other section of the act of September 23, 1950, until payment has been made of 100 percent of the amounts payable under section 5 and subsections 14(a) and 14(b): *Provided further*, That of the funds appropriated in this bill for the act of September 23, 1950, no more than 65 percent will be used to fund section 5 of the above act.

Insert B - Page 2196

Estimated Requirements for Payments to School Districts
Titles I and IV, Public Law 874, as amended
Fiscal Years 1972, 1973, and 1974

Section	Basis of Eligibility	1972 Entitlement	1972 Appropriation	1973 Entitlement	1973 Budget Request	1974 Entitlement	1974 Budget Request	1974 [redacted] Proposal 1/
Section 2	School districts having partial loss of tax base by removal of real property from tax rolls through Federal acquisition.	$ 6,500,000	$ 6,500,000	$ 7,000,000	$ ---	$ 7,000,000	$ ---	$ 7,000,000
Section 3(a)-ADA) -Rate) -Entitlement)	Children of parents who work on and reside on Federal property.	387,200 $489 $ 189,300,000	$180,500,000	414,500 $540 $ 223,850,000	$223,850,000 $3,300,000 3/	387,000 $590 $ 228,350,000	2/ 4/	$217,715,000
Section 3(b)-ADA) -Rate) -Entitlement)	Children of parents who either work on or reside on Federal property or in Uniformed Services.	1,985,000 $228.50 $ 454,000,000	$331,380,000	1,849 000 $250 $ 462,250,000	$112,589,000	1,730,000 $275 $ 476,000,000	$ ---	347,480,000 ~~$357,000,000~~
Section 3(e)	School districts eligible to receive amount to which they would have been entitled before reduction of Federally-connected children by cessation or decrease of Federal activity.	$ 700,000	$ 700,000	$ 700,000	$ ---	$ 700,000	$ ---	$ 700,000
Section 3(c)(4)	Provides special deficit rate of payment when 50% or more of children reside on Federal property.	$ 300,000	$ 300,000	$ 300,000	$ ---	$ 300,000	$ ---	$ 300,000 ~~300,000~~
Deductions 3(c)(2)(B)	Deduction when eligibility requirement not met in second year of two-year period.	$ -1,000,000	$ -1,000,000	$ -1,000,000	$ ---	$ -1,000,000	$ ---	$ -1,000,000
Net Section 3 Entitlement		$ 643,300,000	$511,880,000	$ 686,100,000	$349,739,000	$ 704,350,000	$ ---	565,195,000 ~~$574,715,000~~

Section	Basis of Eligibility	1972 Entitlement	1972 Appropriation	1973 Entitlement	1973 Budget Request	1974 Entitlement	1974 Budget Request	1974 [redacted] Proposal 1/
Section 4	Sudden and substantial increase of children resulting from Federal activities carried on directly or through a contractor.	$ 1,500,000	$ 1,500,000	$ 1,000,000	$ ---	$ 1,000,000	$ ---	$ 1,000,000
Section 6	Arrangements with Federal agencies for educating certain children residing on Federal property.	$ 37,650,000	$ 37,650,000	$ 41,450,000	$ 41,450,000	$ 41,450,000	$ 41,450,000 3/	$ 41,450,000
Section 402	Transfer of funds to Federal agencies for service provided to local educational agencies.	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000 5/	$ 50,000
Section 7	Natural disasters.	$ 35,000,000	$ 35,000,000	$ ---	$ ---	$ ---	$ ---	$ ---
	Hardship clause and balance, part of which will be used to fund Section 7.	$ ---	$ ---	$ ---	$ 23,761,000	$ ---	$ ---	$ ---
Low-Rent Housing	(Definition of Federal Property now includes low-rent housing.)	$ 300,000,000	$ ---	$ 330,000,000	$ ---	$ 360,000,000	$ ---	$ ---
TOTALS		$1,024,000,000	$592,580,000	$1,065,600,000	$415,000,000	$1,113,850,000	$ 41,500,000	$614,695,000 ~~$624,215,000~~

1/ To fund "A" children at 90 percent, or 100 percent where such children are 25 percent or more of total children, and "B" children at ~~75~~ 73 percent; other sections listed at 100 percent of entitlement.
2/ Estimate for "A" children included in Special Education Revenue Sharing.
3/ Entitlement for Indian children whose parents live on Federal property, but work in the community.
4/ Payments for Indian children whose parents live on Federal property, but work in the community are included in Special Education Revenue Sharing.
5/ Payments to Federal agencies which provide for the education of children, are not appropriate for inclusion in Special Education Revenue Sharing. These payments are provided for, instead, in this appropriation account.

FUNDING FOR CONSTRUCTION PROJECTS

Mr. **Flood.** Last year you requested and the Congress approved special appropriation language for the Public Law 815 construction. That would partially fund sections 5 and 14 of the act. What projects do you plan to fund under those sections, and how were they selected? Did you pick them out of a hat, or what?

Mr. **Mattheis.** Mr. Cherry, could you respond to that.

Mr. **Cherry.** Mr. Chairman, we would plan to fund approximately 16 projects.

First of all, we would fund one major disaster project with about $3 million. We have not funded the remainder of the $15 million pending a resolution of the interpretation of the continuing resolution.

Mr. **Flood.** What do you mean? You asked for that language, and we gave it to you, under section 14 for construction. We want to know what projects you plan to fund under those sections. How did you pick them out?

Mr. **Cherry.** We picked them out according to the language of the law, which provides that the Commissioner shall set up a priority index for ranking of projects of high priority down to low priority. The priority index is determined by taking the number of unhoused children in the school district, adding to it the number of federally connected pupils for whom the school district is eligible for payment, and comparing the two factors to the total number of children.

We apply the same rule to each school district and rank them from high to low, and we would then fund down the first 16 projects. This $15 million will fund about 16 projects.

Mr. **Flood.** How many do you have?

Mr. **Cherry.** I would have to furnish it for the record. We have 568 projects totaling about $293 million.

Mr. **Flood.** That is the number of projects that you intend to fund under both those sections?

Mr. **Cherry.** Those are the number of eligible projects on file. We would fund 16 of those.

Mr. **Flood.** There is so much interest in this thing, you may as well list the 16 and, when the record comes back, take a look at your description of the yardstick you used, and then make that very clear in the record, and then follow it by saying there is the yardstick and here are the 16 projects.

[The information follows:]

Insert Page 2199

List of Construction Projects to be Initiated from Funds Provided in the 1973 SAFA Budget Request

Section and Project Number	Fiscal Year 1973 Estimated Entitlement
Section 14	
Nebr-73-C-3001 (Knox Co. Public Schools)............	$ 968,000
N.Mex-73-C-402 (Gallup-McKinley S.D. #1)............	463,125
Ariz-73-C-1403 (Sacaton E.S.D. #18).................	3,382,470
	4,813,595[1/]
Section 5	
Calif-73-C-58 (San Diego Unified School District)...	2,557,875
La-73-C-602 (Vernon Parish Sch. Board, Dist. 142)...	1,313,788
*Tex-72-C-704 (Nolanville C.S.D. #50)................	96,250
Mont-73-C-3002 (H.S.D. #28, St. Ignatius)...........	247,235
La-71-C-602 (Vernon Parish Sch. Board, Dist. 142)...	304,140
Calif-69-C-1702 (Kern Jt. Jr. Col. Dist., Bakersfield)......................	151,956
Okla-72-C-434 (Talihina Independent Dist. #52)......	635,170
N.Mex-72-C-1 (Alamogordo Mun. S.C. #1)..............	1,427,365
Wyo-68-C-1601 (S.D. #6, Lyman)...........	82,302
Calif-68-C-9 (Vallejo Unified School District)......	367,137
Calif-246B19-1 (San Francisco Unified Sch. Dist.)...	391,447
Ariz-72-C-404 (Chinle Public Sch. Dist. #24)........	1,296,978
Calif-1803A20 (Mineral E.S.D.)......................	18,297
	8,889,940
	13,703,535

[1/] Sums of estimated obligations do not equal anticipated allotment of funds because the estimated cost of the next project on the priority list exceeds the estimated unobligated balance, therefore, that project cannot be funded. The balance will be distributed to appropriate sections when new funds are made available.

* Tex-72-C-704 (Nolanville C.S.D. #50 consolidated with Killeen Independent S.D.

Establishment of Priorities for Funding Insert Page 2199

a) I. Briefly stated, the priority system for approval of projects is established pursuant to section 3 of Public Law 81-815. This section provides that the Commissioner shall from time to time set dates by which applications for payment under the Act with respect to construction projects must be filed. The section also provides that the Commissioner shall by regulation prescribe an order of priority, based on relative urgency of need, to be followed in approving applications in the event the funds appropriated under the Act and remaining available on any cutoff date for payment to local educational agencies are insufficient to fund all eligible projects. Sections 114.3, 114.4 and 114.5 of the Federal Regulations establish the method of determining relative urgency of need. The relative urgency of need for an eligible applicant is based on two factors (1) the percentage that the number of federally connected children eligible for payment bears to the total membership, and (2) the percentage that the number of unhoused children in the school district (children without minimum school facilities) bears to total membership. This Office has no authority to establish priority ratings on any other basis or to waive these priority requirements in approving construction applications.

II. Described in more detail the priority index is determined in accordance with 45 CFR 114.4 and 114.5 for each application for school construction assistance and for each project (if more than one project request is filed). The priority index for the complete application and the first project is determined by adding the percentages computed for A and B:

A. The percentage that the estimated number of federally connected children to be counted for payment is to the total estimated membership of all children in the local educational agency as of the close of the applicable four-year increase period;

B. The percentage that the total estimated membership within the local educational agency which is without "minimum school facilities" (unhoused pupils) is to the total estimated membership of all children in the local educational agency as of the close of the applicable four-year increase period.

C. The priority index, however, which may result from the addition of the percentages computed in (A) and (B) may not exceed twice the percentage determined for factor (A).

Examples:

Pupils countable for payment

1. A. 50 section 5(a)(1) pupils + 200 section 5(a)(2) pupils = 27.8
900 - Estimated total membership in
the school district as of
June 30, 1973

Plus

B. 200 Estimated pupils unhoused as of June 30, 1973 = 22.2
900 - Estimated total membership in
the school district as of
June 30, 1973

Priority index equals 50.0

2. A. 50 section 5(a)(1) pupils + 200 section 5(a)(2) pupils = 27.8
900 - Estimated total membership in
the school district as of
June 30, 1973

Plus

B. 350 Estimated pupils unhoused as of June 30, 1973 = 38.9
900 - Estimated total membership in
the school district as of
June 30, 1973

(Sum = 66.7)

C. Priority Index (2 times 27.8 (A)) 55.6

NOTE: If certain waiver(s) are requested under section 5(e) or 14 of the Act and determined approvable, a priority index is computed in a similar manner for the waiver area.

III. The priority indices for the second and succeeding projects. The applicant indicates the order in which each project shall be considered. The priority index of the second and succeeding projects will be determined by:

A. Dividing the normal capacity of the first project by the total estimated membership as of the close of the applicable four-year increase period.

B. The priority index of the second project is determined by reducing the initial priority index by twice the percentage determined in A. immediately above.

C. For each of succeeding priority the priority index is determined by reducing the initial priority index by the percentage that the cumulative total normal capacity of all applicants' approved projects are of the total membership.

Example:

1. Initial priority index of the application and the "A" of first project = 50.0

$$2 \times \frac{\text{Normal capacity: A project (75 pupils)}}{\text{900 - Total membership}} = 15.4$$

2. Priority index of the "B" project (50.0 - 15.4) = 36.6

   2 x Normal cap: A project (75 pupils) + B project (25 pupils) = 31.6

3. Priority of the "C" project (50.0 - 31.6) = 18.4

IV. The Subpriority Index

If the same initial priority index has been computed for several applicants the subpriority within the same priority index range would be determined on the basis of the percentage of federally connected pupils countable for payment.

Example:

District "X" Priority Index = 50.0

Percent Federally connected pupils countable for payment (A) = 27.8 or subpriority

District "Y" Priority Index = 50.0

Percent federally connected pupils counted for payment (A) = 25.6 or subpriority

V. Priority Lists and Rank Order of Application by Priority Index.

A. Applications are processed tentatively on the basis of data contained in the application. A tentative priority index is computed as indicated above, as well as estimated entitlement. Upon receipt of the necessary field survey the application is analyzed and firm priority index and entitlement are determined.

B. Each application (or project request, if more than one has been submitted by an applicant) is listed in priority index rank order (high to low) in accordance to the section of the Act.

C. Lists which may be maintained for applications for assistance are:

(1) Sections 5, 5 and 8, and 14(c)
(2) Section 14(a) and (b)
(3) Section 9 (A listing is not maintained presently, as there are no requests on file)
(4) Section 10
(5) Sections 5, 5 and 8, and 14(c) when federally connected pupils countable for payment are connected with low-rent housing facilities. (A listing is not maintained presently, applications are identified on List (1))
(6) Section 16 (A listing has not been maintained to date since all projects are funded.)

CONSTRUCTION PROJECT AT HOLLOMAN AIR FORCE BASE

Mr. Flood. We have had much discussion back and forth, especially in the conferences the last couple of years, on the status of the construction project at Holloman Air Force Base, Alamogordo, N. Mex. Are you going to fund it?

Mr. Cherry. It does not have a high enough priority to be funded, I do not believe, at this time.

Mr. Flood. The reason I bring that up is that when we changed that appropriation language last year, I thought you were going to change the allocations. What was the purpose of changing the language if we did not change the allocation? You asked for the change of language, and we approved it. We had the impression that because of the special language you asked for, as soon as you got it there would be a change in the procedure.

What happened? There obviously isn't a change.

EFFECT OF SPECIAL LANGUAGE FOR PUBLIC LAW 815

Mr. Cherry. There was this change, Mr. Chairman. Before last year, we were funding what we called section 10 projects first, federally operated projects. Section 10 was taking all the money. We have not had any money for sections 5 and 14 since 1967. We asked for special language so we could fund sections 5 and 14 from the top priority down as far as the money would go.

Mr. Mattheis. The change was to open up section 5, which apparently did not get as far as we might have anticipated.

Mr. Flood. That being the case, are all these schools you are talking about under those two sections, 5 and 14?

Mr. Cherry. That is correct, yes.

Mr. Flood. What is the current backlog on Public Law 815 projects, the number of applications you have approved for funding? Give us a table showing this information by section of the act.

[The information follows:]

Following is a summary of applications for school construction assistance under Public Law 81–815 showing applications eligible or potentially eligible as of March 1973 under: (1) sections 5, 8, and 14(c); (2) sections 14 (a) and (b), and (3) section 10. Each listing is accompanied by tabulation showing the numbers of application by priority index, estimated entitlement, and cumulative totals.

The estimated backlog in summary is:

Sections 5, 8, and 14(c) (426 applications)	$153, 317, 021
Sections 14 (a) and (b) (54 applications)	41, 316, 868
Section 10 (80 applications)	83, 736, 406
Total (560 applications)	278, 370, 298

An examination of the list for sections 5, 8, and 14(c) will show that N.Mex–72–C–1, Alamogordo Municipal School District No. 1 is 95 in priority rank order at priority index 14.9. It would require approximately $51.1 million under section 5 of the act of fund this application in priority order, at this time. Thus, under the present priority system and funding levels the applications would not be considered for funding in fiscal years 1973 or 1974.

However, I must add that Alamogordo school district officials have advised our office that the current application will be amended to request a waiver under subsection 5(e) of the act for the purpose of considering the impact only for the Air Force base. If this request is approvable the priority index of the application may change sufficiently to permit funding. No conclusions may be drawn, however, until the waiver request is received and processed.

COMBINED PRIORITY LISTING
SECTIONS 5, AND 14(c)

March 1973

Priority Index	No. of Applications per		Estimated Entitlement per		Remarks
	Interval	Cumulative	Interval	Cumulative	
100 and above....	2	2	3,871,663	3,871,663	
90-99.9..........	1	3	461,374	4,333,037	
80-89.9..........	2	5	343,485	4,676,522	
70-79.9..........	1	6	304,140	4,980,662	
60-69.9..........	3	9	869,428	5,850,090	
50-59.9..........	4	13	2,073,859	7,923,949	
40-49.9..........	8	21	5,052,727	12,976,676	
30-39.9..........	19	40	14,110,127	27,086,803	
20-29.9..........	26	66	10,153,038	37,239,841	
10-19.9..........	83	149	37,380,873	74,620,714	
0.1-9.9..........	129	278	41,018,973	115,639,687	
(0) Zero priority applications ranked in subpriority order					
100	-	278	-	115,639,687	
90-99.9..........	-	278	-	115,639,687	
80-89.9..........	-	278	-	115,639,687	
70-79.9..........	-	278	-	115,639,687	
60-69.9..........	-	278	-	115,639,687	
50-59.9..........	-	278	-	115,639,687	
40-49.9..........	-	278	-	115,639,687	
30-39.9..........	1	279	676,704	116,316,391	
20-29.9..........	2	281	784,135	117,100,526	
10-19.9..........	12	293	2,921,097	120,021,623	
0.1-9.9..........	133	426	33,295,398	153,317,021	
0................	28	454	37,634,789	190,951,810	T. Ineligibl

COMBINED PRIORITY LISTING SECTION 14(a) AND (b)

Priority Index	No. of Applications per		Estimated Entitlement per		Remarks
	Interval	Cumulative	Interval	Cumulative	
100 and above....	6	6	8,202,565	8,202,565	
90-99.9..........	1	7	2,304,000	10,506,565	
80-89.9..........	-	7	-	10,506,565	
70-79.9..........	2	9	1,939,500	12,446,065	
60-69.9..........	3	12	2,175,835	14,621,900	
50-59.9..........	6	18	9,131,073	23,752,973	
40-49.9..........	4	22	2,407,630	26,160,603	
30-39.9..........	4	26	5,162,632	31,323,235	
20-29.9..........	2	28	909,712	32,232,947	
10-19.9..........	9	37	4,093,438	36,326,385	
0.1-9.9..........	2	39	1,020,817	37,347,202	
(0) Zero priority applications ranked in subpriority order					
100	-	39	-	37,347,202	
90-99.9..........	-	39	-	37,347,202	
80-89.9..........	-	39	---	37,347,202	
70-79.9..........	1	40	42,000	37,389,202	
60-69.9..........	-	40	-	37,389,202	
50-59.9..........	1	41	450,000	37,839,202	
40-49.9..........	2	43	219,506	38,058,708	
30-39.9..........	-	43	-	38,058,708	
20-29.9..........	2	45	582,556	38,641,264	
10-19.9..........	1	46	337,600	38,978,864	
0.1-9.9..........	6	52	2,011,604	40,990,468	
0................	2	54	326,400	41,316,868	
Tentatively Ineligible	2	56	13,969,511	55,286,379	

COMBINED PRIORITY LISTING, SECTION 10, PUBLIC LAW 81-815

Priority Index	No. of Applications Per Interval	No. of Applications Per Cumulative	Estimated Entitlement Per Interval	Estimated Entitlement Per Cumulative	Remarks
Group I - Repairs	-	-	-	-	
Group II - Transfer of Ownership to LEA	11	11	11,221,206	11,221,206	
Group III - Unhoused Pupil					
100 and above	-	11	-	11,221,206	
90-99.9	1	12	2,006,000	13,227,206	
80-89.9	1	13	4,543,197	17,770,403	
70-79.9	6	19	17,928,533	35,698,936	
60-69.9	2	21	3,187,210	38,886,146	
50-59.9	5	26	7,356,094	46,242,240	
40-49.9	3	29	5,295,000	51,537,240	
30-39.9	5	34	6,592,078	58,129,318	
20-29.9	11	45	6,977,536	65,106,854	
10-19.9	6	51	5,563,156	70,670,010	
0.1-9.9	3	54	1,260,201	71,930,211	
Group IV - Remodeling Needs "0" (Zero) Priority By FY of Application					
1967	1	55	688,900	72,619,111	
1968	1	56	523,000	73,142,111	
1969	5	61	1,742,409	74,884,520	
1970	-	61	-	74,884,520	
1971	10	71	2,255,410	77,139,930	
1972	9	80	6,596,479	83,736,409	

Mr. **Flood.** Mr. Shriver.

Mr. **Shriver.** Thank you, Mr. Chairman.

CONSTRUCTION BACKLOG

Following that, in your justifications you say there is an unfunded backlog of eligible or potentially eligible construction applications estimated at $266,165,000. That figure is not included in your table of authorizations under Public Law 815, is it?

Mr. **Cherry.** No.

Mr. **Shriver.** Why not?

Mr. **Mattheis.** It is a backlog. There would not be any reason why it would be entered.

Mr. **Shriver.** Will you tell us more about these unfunded projects? We might be asked by others on the floor of the House about this. Part of the reason for having hearings is to get information to be helpful for debate.

Mr. **Mattheis.** We have backlogs in there, and they are based on the criteria we have established for funding.

Mr. **Shriver.** Will you provide an explanation for the record?

Dr. **Ottina.** Will you outline the criteria for submitting an application for consideration?

Mr. **Cherry.** Yes.

The law is very specific in listing eligibility requirements. There must be a specific increase in the number of federally connected pupils over a 4-year period. If the school district has this prescribed percentage of increase of federally connected pupils, then the increase in number of such pupils is multiplied by a percentage of the State rate for construction of school facilities. That is the amount of money they are eligible for.

They can build an elementary school, they can build a high school, whatever they choose to build, with the funds, if they can be reached with the money within their priority.

Dr. **Ottina.** And normally any district meeting that criteria file the application, and you review the application for eligibility and post it among those that would be considered eligible and, therefore, on the backlog list.

Mr. **Cherry.** That is right.

FUNDING REQUIRED TO CONTINUE CATEGORY B

Mr. SHRIVER. How much would be required to fund category B during the next school year with the same percent of entitlement, 73 percent, as this year?

Mr. CHERRY. It would be 73 percent of $476 million.

Mr. SHRIVER. Put the answer in the record.

[The information follows:]

DOLLAR REQUIREMENTS TO FUND 3 "B"

The amount of $347,480,000 would be required to fund category "B" children during the 1973–74 school year at 73 percent of entitlement.

Mr. SHRIVER. You may already have provided this for the record about how many school districts are now receiving category B impact assistance and how many students are enrolled in those districts.

Dr. OTTINA. Do you mean the number of students receiving aid, not the number of students in the district?

Mr. SHRIVER. Not just the B students; the total enrollment. Put that in, too, if you will.

Mr. MATTHEIS. There can be a breakdown of the total enrollment as well as the B students broken out.

Mr. SHRIVER. And how much each State is receiving this year for category B as compared to last year.

[The information follows:]

Insert page 2205

TABLE COMPARING EACH STATE's PAYMENTS FOR "B" PUPILS IN 1972 AND 1973

State or Outlying Area	1972 Estimated "B" Payments	1973 Estimated "B" Payments
Alabama	$331,385,000	$255,587,000
Alaska	7,131,000	5,500,000
Arizona	3,568,000	2,751,000
Arkansas	4,186,000	3,229,000
California	1,793,000	1,383,000
Colorado	47,837,000	36,896,000
Connecticut	10,057,000	7,757,000
Delaware	2,244,000	1,731,000
District of Columbia	326,000	251,000
Florida	3,844,000	2,965,000
Georgia	12,081,000	9,318,000
Hawaii	10,385,000	8,010,000
Idaho	4,667,000	3,600,000
Illinois	2,177,000	1,679,000
Indiana	8,959,000	6,910,000
Iowa	2,206,000	1,701,000
Kansas	2,014,000	1,553,000
Kentucky	3,783,000	2,918,000
Louisiana	3,066,000	2,365,000
Maine	2,513,000	1,938,000
Maryland	1,407,000	1,085,000
Massachusetts	24,877,000	19,186,000
Michigan	7,447,000	5,743,000
Minnesota	2,335,000	1,801,000
Mississippi	2,163,000	1,669,000
Missouri	1,863,000	1,437,000
Montana	5,352,000	4,128,000
Nebraska	1,788,000	1,379,000
Nevada	2,457,000	1,895,000
New Hampshire	1,987,000	1,533,000
New Jersey	1,443,000	1,113,000
New Mexico	9,067,000	6,993,000
New York	5,488,000	4,233,000
North Carolina	10,798,000	8,329,000
North Dakota	5,853,000	4,514,000
Ohio	982,000	757,000
Oklahoma	8,992,000	6,935,000
Oregon	7,463,000	5,756,000
Pennsylvania	2,606,000	2,010,000
Rhode Island	7,034,000	5,425,000
South Carolina	2,034,000	1,569,000
South Dakota	5,092,000	3,927,000
Tennessee	1,232,000	950,000
Texas	6,540,000	5,044,000
Utah	23,042,000	17,772,000
Vermont	6,508,000	5,020,000
Virginia	119,000	92,000
Washington	29,066,000	22,418,000
West Virginia	8,642,000	6,665,000
Wisconsin	558,000	431,000
Wyoming	1,463,000	1,129,000
Guam	1,083,000	835,000
Puerto Rico	1,025,000	790,000
Virgin Islands	623,000	481,000
Wake Island	114,000	88,000

HARDSHIP PROVISION

Mr. Shriver. When the President vetoed the fiscal 1970 Labor-HEW Appropriation bill, partly because of impact aid money, he included a no-hardship clause in the suggested reform of the program. Do you remember that?

Mr. Mattheis. Yes, sir.

Mr. Shriver. Are you proposing a similar provision this year along with the proposal to eliminate this aid?

Mr. Matheis. No. There is nothing contemplated in the special education revenue sharing, and the other portion we are asking for is a separate line item in the budget for those children in schools where the local educational agency is unable to provide suitable free education. There is no hardship provision such as that in this year's proposal.

Mr. Shriver. I have just one more question, and I will add it for the record. It relates to a specific school district, and I would like an answer provided.

Mr. Mattheis. Very good. I will be happy to do that.

Mr. Shriver. In our State, impact aid accounts for about one-fourth of all Federal assistance for elementary and secondary education. Unified School District No. 260 in Derby, Kans., is especially affected by any cutback in category B funding, since it is impacted both by McConnell Air Force Base and the Boeing Co. plant. I would like to insert into the record the following facts sent to me by the superintendent of that school district.

It appears the following facts need to be stressed.

I. Residential areas (bedroom communities) cannot, taxwise, carry school costs.—Where impacted students attend school, the per-pupil cost, depending upon the size and location, is $700 to $1,000 per year. The average taxation received for schools per resident will no more than carry one-half a pupil. Additional funding must be secured from:

(*a*) Industry.—Of which these areas usually have little, or that available is Government owned which contributes no real estate taxation income.

(*b*) State sources.—The State of Kansas has contributed less than 30 percent to fund the total school operation. This percnetage is typical throughout the country.

(*c*) Federal sources.—Impacted aid, if funded at reasonable levels, will make up the difference between the per-pupil cost and what communities, which are largely residential, can carry.

II. Where else may funds be secured for Federal students, than the Federal Government?

(*a*) The fact that needed impacted aid communities invariably have relatively little industry, and only residential areas to tax, there is a comparatively low evaluation behind each child. The Derby district is third from the bottom in all school districts in Kansas. The total adjusted valuation is $5,100 per child.

(*b*) Districts with low taxing bases require high mill levies to raise the funds needed. Communities with $40 to $70 taxation per $1,000 valuation are common in the Midwest. Such taxation demands include the present Public Law 874 (impactment aid) funding to carry a portion of the load.

III. What does the Federal Government propose to supplement in the place of impacted aid?

IV. Who has the responsibility for the financing of education for Government students who do not have sufficient valuation back up to carry the needed taxation fund? Local communities do not have these taxing resources.

V. Educational opportunity is an American right for all children.—Government classified children must have Government financial support.

[The information follows:]

REPLY TO COMMENTS SUBMITTED BY UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANS.

A category children, those who reside on, with a parent employed on Federal property, are acknowledged to be Federal students for whom full funding is proposed in fiscal year 1974 under revenue sharing.

We do not believe that B category children (those with a parent employed on Federal property) constitute the same economic burden as A category children on local school districts. Unlike the A children, their parents pay local property taxes for the support of public schools the same as parents who are non-Federal workers. For this reason primarily, no funds are proposed for B category children in fiscal year 1974.

It is believed that economic benefits to a community generally far outweigh any burden created by B category children resulting from Federal activities. Further, it is believed that the basic law recognizes only a temporary need for assistance for B category children because of their temporary status in the law. This temporary assistance has been renewed and provided to many school districts for over 20 years. Certainly there has been sufficient time for communities to have planned their educational needs to conform to available local and State resources.

Mr. SHRIVER. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Smith.

IMPACT AID INEQUITIES

Mr. SMITH. I want to say first, I sympathize with your frustration with this program. It is one of those programs which over the years has operated under a distribution formula which has defied commonsense.

Certainly, category A is a justified area. When it was originally enacted, it was a small amount of money, and the formula was different, too.

Then in 1958, the formula for category B was changed to provide a minimum entitlement based on the national average rather than actual expenditures. That is one of the main places where the larceny comes in. In addition to that, in many districts of the country, the bedroom where the child sleeps is not necessarily in the district which lost tax assessment value by some property being taken off the tax rolls. But the district where the child lives receives all the benefit.

It is important to try to work out a law that makes more sense. It will be difficult and the least we could do is take out some of the abuses in the law, if it is to be continued.

Will you support eliminating the provision for using national averages as the minimum?

When they have hearings for continuing this law, will you come up with some proposals? I know you are saying, "We don't want category B at all," but you could also say, "If you are going to continue it, do the following."

Are you going to come up with some proposals?

Mr. MATTHEIS. In that particular area of the proposals, no, sir.

Mr. SMITH. You are going to do as you did last time and say, "We don't want it and we are not suggesting any amendments"?

Mr. **Mattheis.** That is correct. To my knowledge, we are not prepared to present any modifications in that area.

Dr. **Ottina.** Our present thinking is imbedded in the educational revenue sharing.

Of course, you know where we stand on that score, Mr. Smith.

Mr. **Miller.** I do not want that to sound like the same old song. I think what we would say is if more money is to be spent on elementary and secondary education, it ought to go into revenue sharing to be distributed as the States see fit.

REFORM OF IMPACT AID

Mr. **Smith.** If you take that position, you are leaving a vacuum unless you do not go ahead and say, "But if you insist on having impact aid, the least you can do is have the following amendments."

Mr. **Miller.** It might make some sense for us to be addressed such an inquiry and see if we can answer it.

Mr. **Smith.** When the law was extended the last time, the administration failed to do it, so there was nothing else before the committee, and the impact aid people had their way—no amendments; just extended.

It seems to me that alternatives should be proposed for consideration.

Mr. **Miller.** About 3 years ago, we sent up a reform package, and Congress did not take action on it.

Mr. **Smith.** The reform package did not include the item I am talking about, which is No. 1 from the dollars standpoint as far as larceny is concerned. Some districts are making a profit out of this program.

It seems to me you ought to be prepared to come up with some very specific alternatives at least to cut down the authorization so we do not have quite so much money involved.

Mr. **Flood.** Mr. Conte.

TERMINATING CERTAIN PROVISIONS OF IMPACT AID

Mr. **Conte.** You are proposing termination of the assistance to federally affected school districts for the so-called B children. You are also not requesting funding under section 2 of Public Law 874 which is designed to compensate localities for real property which is taken off the tax rolls through Federal acquisititon. Is it not unfair to remove both of these sources of support?

Mr. **Cherry.** After considering all portions of the impact aid program, it was determined that A category children and section 6 (which includes only A type children) represent major Federal burdens caused directly by Federal Government activities and therefore, should be funded in full in fiscal year 1974. Funding cannot be proposed for other sections deemed lesser burdens and in many instances, not burdens at all.

REASONS FOR TERMINATING SECTION 2

Mr. CONTE. What is the reason for recommending termination of the section 2 program?

Mr. CHERRY. There are less than 150 applicants, in about half the States, under section 2 of Public Law 874, payments for which represent only about two-tenths of 1 percent of the total recommended for revenue sharing in fiscal year 1974. It would appear that the States in which section 2 applicants now receive this relatively small sum could recompense the few districts from their revenue-sharing funds.

EFFECT OF TERMINATION ON PROPERTY TAXES

Mr. CONTE. Will the termination of the support for B children not cause property taxes to rise significantly to support the loss of this Federal assistance?

Mr. CHERRY. In some cases, it probably will. However, this situation would not have occurred, had proper planning by school districts taken place. For the past 5 years, even during the previous administration, reduced funding and no funding have been proposed for B children. They were afforded only temporary status in the law which is a clear indication that permanent assistance was not deemed necessary for these children. Yet payments have been made for them for over 20 years. Rather than direct their planning to include only local and State resources, school districts have continued year after year to plan their budgets on the basis that they will receive Federal payments for B children. Also, continuing payments for B students fails to recognize that the income of their parents generally increases the taxable wealth in the community that, combined with taxes paid on the residence, offset educational costs.

IMPACT AID AS A SUPPLEMENT TO FEDERAL SALARIES

Mr. CONTE. How much pressure for wage and salary increases do you think that the removal of the B support for education will create since this aid, in many ways, is a form of supplement to Federal salaries.

Mr. CHERRY. We are not familiar with the consideration of impact aid as a form of supplement to Federal salaries. With the public school system in this country, there is no need to supplement salaries, either Federal or non-Federal, to guarantee education to American children.

PRIORITY TO SECTION 5 SCHOOL CONSTRUCTION

Mr. CONTE. With regard to the construction funds, on page 66 you indicate a high priority will be given to the section 5 schools, and you are requesting an appropriation of over $12 million. However, you indicate that there is a backlog of $154 million and a 1974 entitlement of $39 million. Why is there such a divergence among these figures, and when do you expect that this divergence can be overcome?

Mr. CHERRY. As previously mentioned, local educational agency applications filed for assistance under the provisions of section 5 of the act beginning in 1968 to the present have not been funded. As time passes, generally, the most needy applicant local educational agencies "boil" to the top of the priority listings as the applications are firmly processed. It is believed that we should begin slowly to eliminate the "backlog" by funding first the applications with the most urgent needs which have surfaced to the upper portions of the priority lists. Those applicants with continued needs may be funded with assistance provided under the proposed Better Schools Act of 1973 or through future appropriations requested for the permanent provisions of Public Law 81-815.

STATE LAWS PROHIBITING CONSTRUCTION ON FEDERAL PROPERTY

Mr. CONTE. You state, also on page 66, that only a few States now have laws which prohibit construction on Federal property. How many of these States are there now?

Mr. CHERRY. I will submit a list for the record.

2210F

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States where the Federal government has had to construct schools

Records maintained show that the construction of school facilities on Federal property must be accomplished, either on all Federal properties, or on certain specific Federal properties, within the following States:

1. Alabama
2. Arizona
3. Delaware
4. Georgia
5. Kansas
6. Kentucky
7. Massachusetts
8. Missouri
9. Louisiana
10. New York
11. North Carolina
12. North Dakota
13. South Carolina
14. South Dakota
15. Texas
16. Virginia
17. Puerto Rico

Section 10 of Public Law 81-815 provides that the Commissioner of Education shall make arrangements for constructing or otherwise providing the minimum school facilities necessary for the education of children residing on Federal property at the end of the fiscal year following the fiscal year in which the application therefor is filed in two specific situations, as follows:

1. If no tax revenues of the States or any political subdivision thereof (in which the Federal property is located) may be expended for the free public education of such children; or

2. If it is the judgment of the Commissioner, after he has consulted with the appropriate State education agency, that no local education agency is able to provide suitable free public education for such children.

A corollary condition exists because of the provision of Subsection 6(a) of Public Law 81-874 which provides that in those instances where education was being provided on January 1, 1955, or thereafter on an Army, Navy (including the Marine Corps), or Air Force installation under an arrangement made under Section 6, the operation may not be discontinued until the Commissioner of Education and the Secretary of the military department concerned jointly determine, after consultation with the appropriate State educational agency, that a local educational agency is able to do so. This is the so-called "Quantico" amendment to Subsection 6(a) of Public Law 81-874 and precludes termination of Section 6 schools unilaterally by either the Secretary of a military department or the Commissioner of Education. Preparatory to an attempt to obtain such joint concurrence, it would have to be established that the local agency which would be expected to take over the operation of the schools, formerly operated with funds authorized under Section 6 of Public Law 874, would be able to provide suitable free public education for the children who have been attending a Section 6 school. Also, as a matter of practical procedure it should be determined that the local agency is willing to do so, and that the State education agency in which the schools are located would approve such action by a local education agency. It follows, therefore, that once a Section 10 facility is constructed, that its operation funds are provided under Section 6 of Public Law 81-874, any expansion of the school population on the Federal property concerned as the result of additional on-base housing being constructed, or by reason of a shift in Base mission and manpower, mandates the construction of additional school facilities under Section 10 even though the conditions which warranted the initial construction of school facilities under Section 10 (i.e. inability of the responsible local education agency to provide a suitable free public education) may no longer exist.

The first of the above statutory provisions relates to those States wherein the State Attorney General has held, and continues to hold, or wherein he held at the time the Section 10 facilities were originally constructed and their operation under Section 6 commenced, that no tax revenues of the State, nor those of any political subdivision thereof, which includes local education agencies, may be expended for free public education. This is to say, with respect to Public Law 81-815, the construction of school facilities by a local education agency on Federal property for those children who reside on that property is prohibited.

The second of the above statutory provisions relates to those States in which it has been determined by the Commissioner of Education that no local education agency is able to provide suitable free public education for children residing on the Federal property for which the determination was made.

The following explanatory comments pertain to the situation in the various States.

1. In Alabama, two conditions exists. Originally, the only Section 10 school facility in that State was located on Craig Air Force Base. That school was justified because at the time it was constructed no State or local tax funds could be expended for the construction of school facilities on Federal property. Subsequently, additional school facilities were constructed under Section 10 on Fort McClellan, Fort Rucker, and Maxwell Air Force Base,

it having been determined in 1963 by the Secretary of of DHEW that no local education agency was able to provide suitable free public education for children residing on those Federal properties in the grades for which the schools were constructed. These schools have been operated with funds authorized under Section 6 of Public Law 81-874 since their inception; hence, they cannot be discontinued except in accordance with the provisions of subsection 6(a) of that Act.

2. In Arizona, the construction of school facilities under Section 10 of Public Law 81-815 applies only in what are known as Accommodation Schools. These are schools located in unorganized territory within that State and operated by a County Superintendent, namely, the Fort Huachuca Accommodation School in Cochise County and the Williams Air Force Base Accommodation School in Maricopa County. There are no local taxes available to support these schools which serve areas having boundaries coterminous with the military installations on which they are located. It has been ruled by the Attorney General of Arizona that the County Superintendent does not have authority to construct school facilities in unorganized territory (i.e. territory which is not a part of regularly organized school district).

3. In Delaware, the General Assembly approved a revision of the State Code on June 20, 1957, which prohibits the expenditure of State tax revenues for the provision of free public education of pupils living in the State on real property exempt from taxes. The property on which Section 10 schools must be constructed, pursuant to that State law, is Dover Air Force Base.

4. In Georgia, two conditions also exist. The State Attorney General has consistently held over the years that the Fort Benning Military Reservation, located in Chattahoochee and Muscogee Counties, is not a part of the State of Georgia; therefore, no State or local funds may be expended for the construction of school facilities on Fort Benning for children in grades kindergarten through eight who reside on that installation. In the case of children in grades nine through twelve, Muscogee County School District has accepted these children in its local facilities in return for a payment of the full per pupil cost of their education which is made by the Office of Education under the provisions of Section 6 of Public Law 81-874. Since the schools located on Fort Benning are operated under Section 6, they cannot be discontinued except in

accordance with the provisions of subsection 6(a) of Public Law 81-874.

School facilities have also been provided under Section 10 on Fort Stewart and on Warner Robins Air Force Base. Here, again, it was determined in 1963 by the Secretary of DHEW that no local education agency was available to provide a suitable free public education for the children residing on those military installations in the grades for which the school facilities were constructed. These schools could not be discontinued except in accordance with subsection 6(a) of Public Law 81-874.

5. In Kansas, the State Attorney General has held that no local education agency may construct school facilities on land which the school distict does not own. The children in grades kindergarten through nine who reside on the Fort Riley Military Reservation are educated by the Junction City School District, of Geary County, in school facilities located on Fort Riley. Since the school facilities are located on the military installation, additional facilities cannot be constructed by the local education agency which would be unable to obtain fee simple title to any property located within its confines.

6. In Kentucky, the State Attorney General has held that State or local funds may not be expended to provide school facilities on Federal property for children residing on Fort Campbell or Fort Knox.

7. In Massachusetts, the Attorney General has held that a local education agency cannot construct schools on land which it does not own. Therefore, the Commissioner has provided school facilities at L. G. Hanscom Field, Otis Air Force Base, Westover Air Force Base, and Fort Devens.

8. In Missouri, State law prohibits a local education agency from constructing school facilities on land which the school district does not own. Therefore, schools are provided on Fort Leonard Wood for children in grades kindergarten through nine and on Whiteman Air Force Base for children in grades kindergarten through four.

9. In Louisiana, it was determined by the Secretary of DHEW in 1963 that no local education agency could provide a suitable free public education, because of discrimination, for children in grades kindergarten through six who reside on England Air Force Base. The schools on this Base have

been operated with funds authorized under Section 6 of Public Law 81-874 since their inception in 1963; hence, the operation cannot be discontinued except in accordance with the provisions of subsection 6(a) of Public Law 81-874.

10. In New York, school facilities are constructed on West Point Military Reservation under Section 10 of Public Law 81-815. The State Education Department of New York State has held that West Point is not a part of New York State; therefore, no State or local funds may be expended on that property for educational purposes.

School facilities have also been constructed under Section 10 on Governor's Island Coast Guard Base and on Plattsburgh Air Force Base. In the case of the project on Governor's Island it was determined that the Board of Education of the City of New York has no authority to maintain buildings it does not own. For that reason a modified Section 6 project provides funds for the operation of the Section 10 building. In the case of Plattsburgh Air Force Base it was determined at the time school facilities were built there under Section 10 that no local education agency could spend State or local tax monies for the construction of school facilities on Federal property.

11. In North Carolina, Section 10 school facilities have been constructed on Fort Bragg and on the U.S. Marine Corps Base, Camp Lejeune, because it has been held by North Carolina legal authorities that no State or local funds may be expended for the construction of school facilities on those Federal properties for children residing on them. More recently, the State Attorney General has held that it would be impossible for the State Board of Education, as the law is presently written, to provide for the operation of public schools on a Federal military reservation. This is so because, in order for the State Board to carry on the necessary administrative duties required, it must have authority over the local school districts which would operate the school facilities. The State Board of Education would not, since their legal authorities hold that a Federal military reservation is the same as another foreign State, have any authority to make and enforce policies on federally-owned land.

12. In North Dakota, Section 10 school facilities are provided at Garrison Dam and Reservoir, a Federal property owned by the U.S. Army Corps of Engineers, at Riverdale. The Riverdale School District and the Garrison Dam and Reservoir have coterminous boundaries. The State Attorney General has held that neither State nor local

funds may be expended for school construction on this Federal property.

13. In South Carolina, two conditions also exist. Originally the only Section 10 school facilities in that State were located on the U.S. Marine Corps Air Station at Beaufort and on the U.S. Marine Corps Recruit Training Depot at Parris Island. Those schools were justified because at the time they were provided no State or local tax funds could be expended for the construction of school facilities located on Federal property. Subsequently, additional school facilities were constructed under Section 10 on Fort Jackson and on Myrtle Beach Air Force Base, it having been determined by the Secretary of DHEW in 1963 that no local education agency was able to provide suitable free public education for children residing on those Federal properties in the grades for which the schools were constructed. Those schools have been operated under Section 6 of Public Law 81-874 since their inception; hence they cannot be discontinued except in accordance with the provisions of subsection 6(a) of Public Law 81-874.

14. In South Dakota, Section 10 school facilities were provided on Ellsworth Air Force Base and on Lake Francis Case (formerly Fort Randall Dam and Reservoir). At the time these schools were provided it was determined that the school facilities should be located on Federal property. In the case of Lake Francis Case, the school facility was originally constructed by the U.S. Army Corps of Engineers in connection with the construction of the Fort Randall Dam and Reservoir, at Pickstown. That school facility, and the land on which it is situated, was subsequently permitted to the Commissioner of Education who has since been responsible for its maintenance and upkeep. South Dakota statutes provide that a local school district may not expend State of local funds to construct school facilities on Federal land or on leased Federal land in the absence of a contractual agreement.

15. In Texas, Section 10 school facilities are provided at Fort Sam Houston, Lackland Air Force Base and Randolph Air Force Base. In each of these cases the school district boundary and the military reservation boundary is coterminous. These local school districts have no tax base, since they are entirely comprised of Federal property, and State construction funds are not available.

16. In Virginia, Section 10 school facilities were provided on Fort Belvoir, Fort Myer, Langley Air Force Base and the Quantico Marine Corps Base at a time when it had been determined that no State or local tax monies could be expended

for the construction of school facilities on those Federal properties for the education of children residing on them in the grades for which the facilities were constructed. These school facilities originally were operated under Section 6 of Public Law 81-874. More recently, however, the State Attorney General has held that State and local tax revenues may be expended for the construction of school facilities on Federal property. As a result, local education agencies have agreed to operate the schools located on Fort Belvoir, Fort Myer and Langley Air Force Base and the Secretary of the military department concerned and the Commissioner of Education jointly determined that a local education agency is able to provide suitable free public education. In the case of the schools located on Quantico Marine Corps Base, however, no agreement has been reached between the Secretary of the Navy and the Commissioner of Education whereby the operation of those schools also could be transferred to a local education agency. Therefore, Section 10 school facilities must continue to be provided at Quantico Marine Corps Base.

17. In Puerto Rico, Section 10 school facilities are provided on Fort Buchanan, Fort Allen, Ramey Air Force Base, and Roosevelt Roads Naval Station under a special provision of the Act because no local education agency is able to provide a suitable free public education since local Puerto Rico school districts conduct their operations in Spanish and thus they are not suitable for English speaking children. The law also provides that school facilities shall be provided for the children of employees of the United States who reside in Puerto Rico, and who are subject to transfer to other parts of the world where English is the language of instruction, regardless of whether such children reside on Federal property.

It should be noted that a review of State law and/or the prior determination of suitable free public education is conducted when requests for additional school facilities are submitted by Federal officials under Section 10 of Public Law 81-815.

DISASTER ASSISTANCE

Mr. **Conte.** You are requesting no funds to cover the natural disasters provisions of the construction law. Would it not be better to have a reserve for this so that the other programs are not dislocated while a supplemental appropriation is pending? See page 67, if this were done, would you please estimate as to what would be an appropriate reserve for this program?

Mr. **Cherry.** The present authorizations for major disaster assistance to local educational agencies initially authorized in fiscal year 1966 (Public Law 81-874, section 7 and Public Law 81-815, section 16) expire June 30, 1973. The establishment of a "reserve," therefore, will not be necessary. It is our understanding that the major disaster assistance provided now will be absorbed in the Administration's proposed "Major Disaster Assistance Act of 1973," which will be presented for consideration in the near future.

Obligations for disaster assistance under Public Law 81-874 have ranged from $2.6 to $40.7 million annually or an average of about $9.2 million per year. These figures may be completely revised, if $40 to $60 million in section 7(a) claims materialize for maintaining the level of education prior to Hurricane Agnes during fiscal year 1973. Obligations for assistance under Public Law 81-815 have ranged from $.6 to $11.3 million annually or an average of $3.8 million per year. It is impossible at the time the budget is made up to estimate the extent and location of these major disasters.

Mr. **Flood.** Mr. Michel.

SECTION 6 FEDERALLY OPERATED SCHOOLS

Mr. **Michel.** The only request you are making under "Maintenance and operation" is the $41.5 million for section 6. For the record, what exactly is section 6, and would you provide us some examples of the kinds of situations it focuses on? How many students are involved, and how many projects? You are making no request for sections 2 and 4?

Mr. **Cherry.** Where no State or local educational agency is able, because of State law or for other reason, to provide suitable free public education to children who reside on Federal property, the Commissioner must arrange under section 6 of the act for their education. Such arrangements may be made either with a local educational agency or with the Federal agency having jurisdiction over the property. Funds to finance the education of such children are transferred by the Commissioner to the local educational agency or to the Federal agency, whichever is providing the education.

The children who reside on the Dover Air Force Base, Del., are educated under section 6 by the Caesar Rodney School District in which the base is located. A Delaware State law prohibits the expenditure of State and local funds for the education of children who reside on tax-exempt Federal property. The children who reside on Hanscom Field, Mass., are educated under section 6 because the Lincoln School District refuses to accept the responsibility for their education which is permissible under Massachusetts State law. The base is located in the Lincoln School District.

As a consequence of these arrangements, no school district in Delaware may claim the Dover Air Force Base as an eligible property under sections 3 and 4 of Public Law 81-874 and the Lincoln School District is subject to a penalty which represents the difference in cost to the Commissioner between section 6 and section 3. The children who reside on Fort Campbell and Fort Knox, Ky.; Fort Benning, Ga.; and Fort Bragg, N.C., originally were educated under section 6 because general counsel opinions determined that no State or local funds could be expended for children who lived on Federal property.

The "Quantico" amendment to section 6 does not permit the termination of a section 6 project until the Commissioner of Education and the Secretary of the concerned military department jointly determine that a local educational agency is able to provide suitable free public education for such children.

The children who reside on Fort Jackson and Myrtle Beach, S.C.; Robins Air Force Base and Fort Stewart, Ga.; Maxwell Air Force Base, Fort McClellan, and Fort Rucker, Ala.; and on England Air Force Base, La., are educated under section 6 because in 1962 the Secretary of the Department of Health, Education, and Welfare determined that no local educational agency was able to provide suitable free public education for such children at that time. In most of these instances the original reason for the use of section 6 no longer exists but the "Quantico" amendment prolongs the operations.

In fiscal year 1973 there are 29 section 6 arrangements made by the Commissioner for approximately 46,000 children at a total estimated cost of $41,500,000. The largest section 6 enrollment in 1973 is Fort Knox with 4,854 children. The smallest is Wake Island with an enrollment of 91.

We are not requesting funds for sections 2 and 4. The provisions of both of these sections expire on June 30, 1973.

LEGISLATIVE REFORM PROPOSALS

Mr. MICHEL. This question, I know, puts us back on that sifting, shifting sand of an unfinalized legislative proposal, but I'm going to ask anyway. For quite awhile now, you folks down there, and some of us up here have been talking about reform of the impact aid program. Now, you come up here with a proposal to fuse it into revenue sharing, but with some kind of passthrough provision that would seem to me to change the "A" part of the program very little from what it is now. How does this square with the idea of reform?

Mr. CHERRY. The "A" part of the impact aid program changes very little under revenue sharing. The "B" children would not be funded at all under revenue sharing. This is consistent with the priority consideration given the "A" children in any reform proposal for the impact aid program. In the Reform Act proposed in 1970, "A" children were counted as "whole" Federal pupils while "B" children were counted as Federal pupils at only 40 percent and at only 20 percent in some cases. "A" children are considered a true Federal burden due to the lack of any tax base for supporting education. "A" children were afforded permanent status in 1958 while provisions for "B" children and other sections of the act are temporary and next expire June 30, 1973.

EFFECT OF REVENUE SHARING ON EXISTING PROGRAM

Mr. Michel. Would you provide a table for the record, starting with the table on page 52 of the justification which breaks out the various sections of the law and gives the authorization figures? Along with the authorization figures, give us the appropriation level for fiscal 1972, your spending level for fiscal 1973, and your budget request for 1974. Then, indicate which parts would be affected by revenue sharing, and give us a paragraph or so of explanation on each section.

Mr. Cherry. The attached table breaks out the various sections of the law and provides a brief explanation of each section. The several columns provide the 1974 authorization figure (1974 entitlement), the appropriation level for fiscal 1972 (1972 appropriation), spending level for fiscal 1973 (1973 approved plan), and the 1974 budget request. The last column (1974 budget request) indicates by footnote the section that will be included in revenue sharing. None of the other sections are proposed for inclusion in revenue sharing. Funds are being requested for only sections 6 and 402 under the regular Public Law 874 program in fiscal 1974.

SECTION 2. REDUCTION IN LOCAL REVENUE BY REASON OF ACQUISITION OF REAL PROPERTY BY THE UNITED STATES

A school district may be eligible if (1) the property was acquired by transfer and not by exchange since 1938; (2) the assessed valuation of such property represents 10 percent or more of the assessed valuation of all realty in the distict at time or times of transfer and (3) the acquisition has imposed on the school district a substantial and continuing financal burden.

Maximum entitlement is the product of the applicant's current expense tax rate applied to the estimated assessed valuation of the Federal property (exclusive of improvements since transfer date).

SECTION 3. EDUCATION OF CHILDREN WHO RESIDE ON FEDERAL PROPERTY OR RESIDE WITH A PARENT EMPLOYED ON FEDERAL PROPERTY

Subsection 3(a) applies to children who reside on Federal property with a parent employed on Federal property situated in whole or in part in the same State as the school district or within reasonable commuting distance of the district.

Subsection 3(b) applies to children who reside on Federal property or reside with a parent employed on Federal property (located in 3(a)), or had a parent who was on active duty in the uniformed services (as defined in section 102 of the Career Compensation Act of 1949).

A school district may be eligible if the number of section 3 children in average daily attendance (ADA) is 3 percent of the total average daily attendance (ADA) or 400, whichever is the lesser, and at least 10.[1]

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[1] Average daily attendance is determined in accordance with State law and practice, except that the Commissioner has the authority to specify the method to be used in determining the average daily attendance of federally connected pupils. By definition, the term "average daily attendance" means the aggregate days of attendance in a given reporting period divided by the number of days school was actually in session.

Applicants which do not meet the requirement may be eligible for payment for 2 consecutive years following a year in which they meet the requirement and received payment. The Commisioner may waive the 3-percent condition of eligibility when exceptional circumstances exist which would make the application of such conditions inequitable and defeat the purposes of the act. The Commissioner is not authorized to waive the number requirement of 10 or 400.

SECTION 4(a). SUDDEN AND SUBSTANTIAL INCREASES IN THE NUMBER OF PUPILS IN ADA AS A DIRECT RESULT OF ACTIVITIES OF THE UNITED STATES CARRIED ON EITHER DIRECTLY OR THROUGH A CONTRACTOR

A school district may be eligible for first-year assistance if the increase in the ADA of countable pupils over the prior year represents at least 5 percent of the non-Federal ADA of that year. "Countable" pupils may include the increase in section 3 ADA over the preceding year if the applicant so elects. Other conditions of eligibility are reasonable tax effort, diligence of the district in availing itself of State and other financial aid, inability to secure sufficient funds to meet additional costs involved, and a showing of substantial and continuing financial burden caused by Federal activities. Maximum entitlement is the product of the accepted ADA and the per pupil cost in generally comparable districts less the amount which the Commission determines to be available from State, local, and Federal sources for such purposes, exclusive of payments under this act and local source funds needed for the education of other children.

Section 6. Arrangements for the education of certain children residing on Federal property.

The Commissioner must make arrangements to provide free public education for children who reside on Federal property when:

1. No tax revenue of the State or any political subdivision thereof may be spent for such purposes; or

2. It is the judgment of the Commissioner, after consulting with the appropriate State education agency, that no local education agency is able to provide suitable free public education for such children.

Section 302. Transfer of funds to Federal agencies for services which they provide:

Federal agencies may provide custodial, transportation, or maintenance services for children residing on Federal property and attending a school district which, because of State law or other factors, is unable to reimburse the Federal agency. In such instances the Commissioner may authorize transfer of funds to the Federal agencies to cover the cost of services provided. The maximum amount transferred, limited by the amount approved by the Commissioner, is the actual cost of such services for the year. Thus, the local education agency's entitlement under section 3 is paid in two parts. The first part is in the form of a cash payment to the local education agency itself. The second part is in the form of a payment made on behalf of the local education agency to the Federal agency providing the services.

SECTION 7, TITLE I, PUBLIC LAW 81-874

Financial assistance may be given to a local education agency or a public agency which operates schools providing technical, vocational, or other special education to children of elementary and secondary school age, to the extent necessary, to help finance the normal operation of the elementary and secondary school programs; to make minor repairs to damaged facilities, replace or repair equipment, materials (including books), and teaching supplies that were damaged or destroyed; to provide temporary school facilities while those destroyed or seriously damaged are being replaced or restored; and to assist in meeting the added operating costs of a local education agency which accepts children attending a private school whose operation was disrupted or impaired by a disaster.

The amount for any fiscal year is limited to what the Commissioner determines is necessary to enable such agency, with State, local, and other Federal funds available to it for such purposes, to provide a level of education equivalent to that maintained in the schools of the agency prior to the occurrence of the disaster. The additional costs of providing an educational program under public auspices for children enrolled in disaster-stricken private elementary and secondary schools are taken into account.

Additional assistance may be provided for a period not longer than 5 fiscal years beginning with the fiscal year in which the President determined that the area suffered a major disaster. When assistance is provided for more than 1 fiscal year, payments made during the second, third, and fourth fiscal years following the President's determination may not exceed 75 percent, 50 percent, and 25 percent, respectively, of the amount provided for the educational program for the first fiscal year.

[The following information was submitted for the record:]

Estimated Requirements for Payments to School Districts
Titles I and IV, Public Law 874, as amended
Fiscal Years 1972, 1973, and 1974

Section	Basis of Eligibility	1972 Appropriation	1973 Budget Request	1973 Approved Plan	1974 Entitlement	1974 Budget Request
Section 2	School districts having partial loss of tax base by removal of real property from tax rolls through Federal acquisition.	$ 6,500,000	$ ---	$ 7,000,000	$ 7,000,000	$ ---
Section 3(a)-ADA) -Rate) -Entitlement)	Children of parents who work on and reside on Federal property.	$180,500,000	$223,850,000 $3,300,000 1/	$195,665,000	$ 387,000 590 $228,350,000	2/ 3/
Section 3(b)-ADA) -Rate) -Entitlement)	Children of parents who either work on or reside on Federal property or in Uniformed Service.	$331,380,000	$122,589,000	$255,587,000	$ 1,730,000 $ 275 $476,000,000	$ ---
Section 3(e)	School districts eligible to receive amount to which they would have been entitled before reduction of Federally-connected children by cessation or decrease of Federal activity.	$ 700,000	$ ---	$ 700,000	$ 700,000	$ ---
Section 3(c)(4)	Provides special deficit rate of payment when 50% or more of children reside on Federal property.	$ 300,000	$ ---	$ 300,000	$ 300,000	$ ---
Deductions 3(c)(2)(B)	Deduction when eligibility requirement not met in second fiscal year of two-year period.	$ -1,000,000	$ --	$ -1,000,000	$ -1,000,000	$ ---
Net Section 3 Entitlement		$511,880,000	$349,7[illegible]000	$451,252,000	$704,350,000	$ ---

Section	Basis of Eligibility	1972 Appropriation	1973 Budget Request	1973 Approved Plan	1974 Entitlement	1974 Budget Request
Section 4	Sudden and substantial increase of children resulting from Federal activities carried on directly or through a contractor.	$ 1,500,000	$ ---	$ 1,000,000	$ 1,000,000	$ ---
Section 6	Arrangements with Federal agencies for educating certain children residing on Federal property.	$ 37,650,000	$ 41,450,000	$ 41,450,000	$ 41,450,000	$ 41,450,000[4]
Section 402	Transfer of funds to Federal agencies for service provided to local educational agencies.	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000[4]
Section 7	Natural disasters.	$ 35,000,000	$ ---	$ 68,000,000	---	---
	Hardship clause and balance, part of which will be used to fund Section 7.	$ ---	$ 23,761,000	---	---	---
Low-Rent Housing	(Definition of Federal Property now includes low-rent housing.)	$ ---	$ ---	---	$ 360,000,000	$ ---
TOTALS		$592,580,000	$415,000,000	$568,752,000	$1,113,850,000	$ 41,500,000

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[1] Entitlement for Indian children whose parents live on Federal property, but work in the community.
[2] Estimate for "A" children included in Special Education Revenue Sharing.
[3] Payments for Indian children whose parents live on Federal property, but work in the community are included in Special Education Revenue Sharing.
[4] Payments to Federal agencies, which provide for the education of children, are not appropriate for inclusion in Special Education Revenue Sharing. These payments are provided for, instead, in this appropriation account.

Estimated Data for School Construction, by Section
Public Law 815, As Amended
Fiscal Years 1972, 1973, and 1974

Section	Basis of Eligibility		1972 Appropriation	1973 Budget Request	1973 Approved Plan	1974 Entitlement	1974 Budget Request
5	Children of parents who, work on and/or reside on Federal property or who represent an increase in Federal activity either directly or through a contractor.	Number of children Rate of construction per child		$12,505,000	$12,505,000	$39,000,000	$ 5,600 $ $2,200 $12,350,000
8	Provision of non-Federal share of construction imposes a financial hardship.		---	---	---	1,000,000	---
Total, Sections 5 and 8				$12,505,000	$12,505,000	$40,000,000	$12,350,000
9	Temporary increases of Federally-connected children for whom temporary school facilities are provided.		$ 200,000	---	---	2,000,000	---
10	Federally constructed schools on Federal property.		3,800,000	---	---	15,000,000	---
14	Substantial number of children residing on Federal property (mostly tax-exempt Indian land) and lack of financial resources		4,000,000	3,405,000	3,405,000	15,000,000	6,650,000
16	Natural disasters[1/]		11,300,000	---	---	---	---
Grand Totals			$19,300,000	$15,910,000	$15,910,000	$72,000,000	$19,000,000

[1/] Requirements are unpredictable. They are payable out of regular appropriation, subject to replacement by supplemental appropriations as needed.

PURPOSE OF CONSTRUCTION REQUEST

Mr. MICHEL. For "Construction," Public Law 815, your request is $12,350,000 for section 5 and $6,650,000 for section 14? Again, for the record, what is the thrust of these sections and what kinds of specific situations are we talking about? You are making no request for sections 8, 9 and 10?

Mr. CHERRY. The purpose of section 5 and section 14 is to provide funds to enable local school districts to construct needed minimum school facilities for children who reside on Federal property with a parent employed on such property, Subsection 5(a)(1); for children who reside with a parent employed on Federal property, subsection 5(a)(2); or for children who reside on Indian lands, section 14. Generally speaking, the Federal property or Indian lands on which the children reside, or on which their parents are employed, are not subject to State or local property taxes; hence, they contribute little, if any, moneys to the school district's capital outlay budget.

We are talking about situations where there are, or have been, sizeable increases in public school membership arising from expanded Federal activities, including the provision of additional family housing units, particularly military installations, and from increased housing provided on Indian reservations combined with the increased proclivity of Indian children to attend schools located on the reservations and which are nearer their homes vis-a-vis attending boarding schools operated by the Bureau of Indian Affairs or simply not attending school at all.

Applications eligible under section 8 must first be eligible under section 5; hence, there is no requirement to request funds under section 8 because it is more or less an extension of section 5 which is designed to provide needed emergency school construction assistance over and above the amount to which a district may be eligible under section 5. Currently, there are limited number of requests—approximately a dozen—for assistance under section 8.

We are not requesting funds under section 9, which provides school construction assistance on account of increases in federally connected membership which is adjudged to be of temporary duration only, not more than 6 years, because the number of situations in which section 9 is applicable are relatively rare. In recent years the section 9 applications have been the result of Safeguard anti-ballistic-missile construction activity. These applications have been funded by the Department of Defense under section 610 of Public Law 91–511.

During the past 6 years Public Law 81–815 has been short funded in comparison to the eligible or potentially eligible applications submitted. The law provides that all moneys be expended for applications eligible under section 10 and beginning in 1971 under section 14. Consequently, we have been able to provide some of the needed facilities which section 10 is designed to provide, while at the same time providing no relief for applications eligible under section 5 filed in fiscal year 1968 or later. Generally speaking, the increases in pupil membership which produce eligibility under section 10 stem from the same source as those which produce eligibility under section 5, that is to say, the expansion of the number of pupils residing on military installations. Inasmuch as no relief has been provided eligible section

5 applicants which provide free public education for pupils residing on Federal property since fiscal year 1967, we believe it to be equitable to direct our support to those applicants, rather than to continue to try to keep abreast of requests under section 10 needs when the local educational agency may not provide for free public education or capital improvements on Federal property since we are not able to meet the needs of applicants under both sections in full.

The San Diego Unified School District's (Calif–73–C–58) situation may illustrate the problem. Additional military housing authorized for construction on Federal property in the Murphy Canyon Heights area included 900 family housing units in 1971, 600 units in 1972, and 120 in 1973. These units as we understand it have been and are being provided in an area where no schools exist. All children must be transported to various schools within the school district, many of which, it is reported, are already overcrowded.

Mr. Flood. Mr. Robinson?

SECTION 6 SCHOOLS

Mr. Robinson. With reference to the section 6 schools, would you tell us how many States are receiving payments in this category, and which State has the largest number of separate installations creating eligibility for such payments?

I should like to know, of course, how many separate installations in Virginia are creating such eligibility, and how many installations in Virginia are creating eligibility for payments in the 3(a) category.

Mr. Cherry. Twenty-nine applications have been received under section 6, Public Law 81–874, for fiscal year 1973, for Federal financial assistance to provide education for children residing on 32 different Federal properties. The number of applications and properties are listed by State and territory. I will submit for the record a table listing the number of applications and properties served by State or territory.

There are two installations in the State of Virginia which create eligibility for the two section 6 applications from Federal agencies in that State.

In fiscal year 1972, 26 of the 66 total applicants under section 3 of the act in the State of Virginia claimed section 3(a) category children for 49 separate Federal properties located in the State of Virginia. Thirty-four of the total properties claimed were military installation.

[The information follows:]

PUBLIC LAW 81-874, SEC. 6, APPLICATIONS FOR FISCAL YEAR 1973

State or territory	Number of applications	Number of properties served
Alabama	4	4
Delaware	1	1
Florida	[1] 1	[1] 1
Georgia	3	3
Kentucky	2	2
Louisiana	1	1
Massachusetts	2	2
New York	2	2
North Carolina	2	3
Oregon	1	1
Pennsylvania	1	1
Puerto Rico	2	4
South Carolina	4	4
Virginia	2	2
Wake Island	[2] 1	[2] 1
Total	29	32

[1] To be terminated June 30, 1973.

[2] May be transferred to Air Force Overseas Dependent Schools effective June 30, 1973.

ALTERNATIVE TO REVENUE SHARING

Mr. ROBINSON. What is the alternative if revenue sharing is not enacted?

Mr. CHERRY. We are planning on the enactment of the special education revenue sharing. In any other plan, we would propose the funding of section 6 and the "A" category children only.

Mr. FLOOD. Mr. Obey.

Mr. OBEY. No questions, Mr. Chairman.

Mr. FLOOD. Thank you very much.

Justification of the Budget Estimates

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

School Assistance in Federally Affected Areas

Amounts Available for Obligation

	1973	1974
Appropriation..................................	$430,910,000	$ 60,500,000
Unobligated balance, start of year.............	8,210,433	---
Total obligations......................	439,120,433	60,500,000

Obligations by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
61	Maintenance and operation..	$415,000,000	$ 41,500,000	$-373,500,000
65	Construction...............	24,120,433	19,000,000	-5,120,433
Total obligations by activity....		439,120,433	60,500,000	-378,620,433

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Lands and structures............	$ 5,542,000	$ ---	$ -5,542,000
Grants, subsidies, and contributions..........................	433,578,433	60,500,000	-373,078,433
Total obligations by object...	439,120,433	60,500,000	-378,620,433

Summary of Changes

1973 Budget authority	$430,910,000
1974 Budget authority	60,500,000
Net Change	$370,410,000

	Base	Change from Base
Increases:		
Program:		
Construction	$15,910,000	+3,090,000
Decreases:		
Program:		
Maintenance and operations	415,000,000	-373,500,000
Total, net change	---	-370,410,000

Explanation of Changes

An increase of $3,090,000 for a total of $19,000,000 is requested for construction activities authorized by P.L. 815. These funds will construct 275 classrooms benefitting 33,000 students, an increase of 50 classrooms and 8,000 students over 1973. Language is also provided to ensure that these funds are used in the areas of greatest need, to provide school facilities for Indian children and for children in local school districts heavily impacted as a result of military activity.

A decrease of $373,500,000 is requested for maintenance and operations. This decrease results from terminating Federal support for "b" category students and shifting the funding of "a" category students to the Special Education Revenue Sharing. All that is being requested in this appropriation are funds for arrangements with Federal agencies for educating certain children residing on Federal property where local school districts are unable to provide suitable free public education for such children.

Authorizing Legislation

Legislation	1974	
	Authorized	Appropriation requested
School Assistance in Federally Affected Areas Public Law 874 Maintenance and Operation:		
Section 2	$ 7,000,000	$ ---
Section 3	700,500,000 1/	---
Section 4	1,000,000	---
Section 6	41,500,000	41,500,000
Section 7	2/	---
Public Law 815 Construction: 3/		
Section 5	39,000,000	12,350,000
Section 8	1,000,000	---
Section 9	2,000,000	---
Section 10	15,000,000	---
Section 14	15,000,000	6,650,000
Section 16	2/	

1/ Does not include low-rent housing which is estimated at $360,000,000 for FY 1974

2/ Requirements are unpredictable. They are payable out of regular appropriations, subject to replacement by supplemental appropriations as needed.

3/ Excludes unfunded backlog of eligible or potentially eligible applications which is estimated at $266,165,000 as of 6/30/73.

Public Law 874, 81st Congress

Title I—Financial Assistance for Local Educational Agencies in Areas Affected by Federal Activity

CHILDREN FOR WHOM LOCAL AGENCIES ARE UNABLE TO PROVIDE EDUCATION

SEC. 6. (a) In the case of children who reside on Federal property—

(1) if no tax revenues of the State or any political subdivision thereof may be expended for the free public education of such children; or

(2) if it is the judgment of the Commissioner, after he has consulted with the appropriate State educational agency, that no local educational agency is able to provide suitable free public education for such children,

the Commissioner shall make such arrangements (other than arrangements with respect to the acquisition of land, the erection of facilities, interest, or debt service) as may be necessary to provide free public education for such children. Such arrangements to provide free public education may also be made for children of members of the Armed Forces on active duty, if the schools in which free public education is usually provided for such children are made unavailable to them as a result of official action by State or local governmental authority and it is the judgment of the Commissioner, after he has consulted with the appropriate State educational agency, that no local educational agency is able to provide suitable free public education for such children. To the maximum extent practicable, the local educational agency, or the head of the Federal department or agency, with which any arrangement is made under this section shall take such action as may be necessary to insure that the education provided pursuant to such arrangement is comparable to free public education provided for children in comparable communities in the State, or, in the case of education provided under this section outside the continental United States, Alaska, and Hawaii, comparable to free public education provided for children in the District of Columbia. For the purpose of providing such comparable education, personnel may be employed and the compensation, tenure, leave, hours of work, and other incidents of the employment relationship may be fixed without regard to the Civil Service Act and rules (5 U.S.C. 631 et seq.) and the following: (1) the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.); (2) the Annual and Sick Leave Act of 1951, as amended (5 U.S.C. 2061 et seq.); (3) the Federal Employees' Pay Act of 1945, as amended (5 U.S.C. 901 et seq.); (4) the Veterans' Preference Act of 1944, as amended (5 U.S.C. 851 et seq.); and (5) the Performance Rating Act of 1950, as amended (5 U.S.C. 2001 et seq.). In any case where education was being provided on January 1, 1955, or thereafter under an arrangement made under this subsection for children residing on an Army, Navy (including the Marine Corps), or Air Force installation, it shall be presumed, for the purposes of this subsection, that no local educational agency is able to provide suitable free public education for the children residing on such installation, until the Commissioner and the Secretary of the military department concerned jointly determine, after consultation with the appropriate State educational agency, that a local educational agency is able to do so.

(b) In any case in which the Commissioner makes such arrangements for the provision of free public education in facilities situated on Federal property, he may also make arrangements for providing free public education in such facilities for children residing in any area adjacent to such property with a parent who, during some portion of the fiscal year in which such education is provided, was employed on such property, but only if the Commissioner determines after consultation with the appropriate State educational agency (1) that the provision of such education is appropriate to carry out the purposes of this title, (2) that no local educational agency is able to provide suitable free public education for such children, and (3) in any case where in the judgment of the Commissioner the need for the provision of such education will not be temporary in duration, that the local educational agency of the school district in which such children reside, or the State educational agency, or both, will make reasonable tuition payments to the Commissioner for the education of such children.

Such payments may be made either directly or through deductions from amounts to which the local educational agency is entitled under this title, or both, as may be agreed upon between such agency and the Commissioner. Any amounts paid to the Commissioner by a State or local educational agency pursuant to this section shall be covered into the Treasury as miscellaneous receipts.

(c) In any case in which the Commissioner makes arrangements under this section for the provision of free public education in facilities situated on Federal property in Puerto Rico, Wake Island, Guam, American Samoa, or the Virgin Islands, he may also make arrangements for providing free public education in such facilities for children residing with a parent employed by the United States, but only if the Commissioner determines after consultation with the appropriate State educational agency (1) that the provision of such education is appropriate to carry out the purposes of this title, and (2) that no local educational agency is able to provide suitable free public education for such children.

(d) The Commissioner may make an arrangement under this section only with a local educational agency or with the head of a Federal department or agency administering Federal property on which children reside who are to be provided education pursuant to such arrangement or, in the case of children to whom the second sentence of subsection (a) applies, with the head of any Federal department or agency having jurisdiction over the parents of some or all of such children. Except where the Commissioner makes arrangements pursuant to the second sentence of subsection (a), arrangements may be made under this section only for the provision of education in facilities of a local educational agency or in facilities situated on Federal property.

(e) To the maximum extent practicable, the Commissioner shall limit the total payments made pursuant to any such arrangement for educating children within the continental United States, Alaska, or Hawaii, to an amount per pupil which will not exceed the per pupil cost of free public education provided for children in comparable communities in the State. The Commissioner shall limit the total payments made pursuant to any such arrangement for educating children outside the continental United States, Alaska, or Hawaii, to an amount per pupil which will not exceed the amount he determines to be necessary to provide education comparable to the free public education provided for children in the District of Columbia.

(f)[4] If no tax revenues of a State or of any political subdivision of the State may be expended for the free public education of children who reside on any Federal property within the State, or if no tax revenues of a State are allocated for the free public education of such children, then the property on which such children reside shall not be considered Federal property for the purposes of sections 3 and 4 of this Act. If a local educational agency refuses for any other reason to provide in any fiscal year free public education for children who reside on Federal property which is within the school district of that agency or which, in the determination of the Commissioner, would be within that school district if it were not Federal property, there shall be deducted from any amount to which the local educational agency is otherwise entitled for that year under section 3 or 4 an amount equal to (1) the amount (if any) by which the cost to the Commissioner of providing free public education for that year for each such child exceeds the local contribution rate of that agency for that year, multiplied by (2) the number of such children.

School Construction in Areas Affected by Federal Activities

(P.L. 815, 81st Congress)

AN ACT Relating to the construction of school facilities in areas affected by Federal activities, and for other purposes

SEC. 5. (a) Subject to the limitations in subsections (c) and (d), the total of the payments to a local educational agency under this Act may not exceed the sum of the following:

(1) the estimated increase, since the base year, in the number of children residing on Federal property, (A) who so resided with a parent employed on Federal property (situated in whole or in part in the same State as the school district of such agency or within reasonable commuting distance from such school district), or (B) who had a parent who was on active duty in the uniformed services (as defined in section 102 of the Career Compensation Act of 1949), multiplied by 95 per centum of the average per pupil cost of constructing minimum school facilities in the State in which the school district of such agency is situated; and

(2) the estimated increase, since the base year, in the number of children (A) residing on Federal property, or (B) residing with a parent employed on Federal property (situated in whole or in part in the same State as the school district of such agency or within reasonable commuting distance from such school district), or (C) who had a parent who was on active duty in the uniformed services (as defined in section 102 of the Career Compensation Act of 1949), multiplied by 50 per centum of the average per pupil cost of constructing minimum school facilities in the State in which the school district of such agency is situated; and

(3) the estimated increase, since the base year, in the number of children whose membership results directly from activities of the United States (carried on either directly or through a contractor), multiplied by 45 per centum of the average per pupil cost of constructing minimum school facilities in the State in which the school district of such agency is situated. For purposes of this paragraph, the Commissioner shall not consider as activities of the United States those activities which are carried on in connection with real property excluded from the definition of Federal property by the last sentence of paragraph (1) of section 15, but shall (if the local educational agency so elects pursuant to subsection (b)) consider as children whose membership results directly from activities of the United States children residing on Federal property or residing with a parent employed on Federal property; and

(4) for the fiscal year ending June 30, 1967, the estimated number of children, without regard to the limitation in subsection (d), whose membership in the schools of such local educational agency resulted from a change in residence from land transferred to Mexico as part of a relocation of an international boundary of the United States, multiplied by 50 per centum of the average per pupil cost of constructing minimum school facilities in the State in which the school district of such agency is situated; but if, by reason of any other provision of law, this clause is not considered in computing the maximum payments a local enducational agency may receive for the fiscal year ending June 30, 1967, the additional amount such agency would have been entitled to receive shall be added to such agency's entitlement for the first fiscal year for which funds appropriated to carry out this Act may be used for such purpose.

In computing for any local educational agency the number of children in an increase under paragraph (1), (2), or (3), the estimated number of children described in such paragraph who will be in the membership of the schools of such agency at the close of the increase period shall be compared with the estimated number of such children in the average daily membership of the schools of such agency during the base year.

(b) If two or more of the paragraphs of subsection (a) apply to a child, the local educational agency shall elect which of such paragraphs shall apply to such child, except that, notwithstanding the election of a local educational agency to have paragraph (2) apply to a child instead of paragraph (1), the determination of the maximum amount for such agency under subsection (a) shall be made without regard to such election.

(c) A local educational agency shall not be eligible to have any amount included in its maximum by reason of paragraph (1), (2), or (3) of subsection (a) unless the increase in children referred to in such paragraph, prior to the application of the limitation in subsection (d) is at least twenty and—

(1) in the case of paragraph (1) or (2), is—

(A) equal to at least 10 per centum of the number of all children who were in the average daily membership of the schools of such agency during the base year, or

(B) at least one thousand five hundred, whichever is the lesser; and

(2) In the case of paragraph (3), is—

(A) equal to at least 10 per centum of the number of all children who were in the average daily membership of the schools of such agency during the base year, or

(B) at least two thousand five hundred,

whichever is the lesser: *Provided*, That no local educational agency shall be regarded as eligible under this paragraph (2) unless the Commissioner finds that the construction of additional minimum school facilities for the number of children in such increase will impose an undue financial burden on the taxing and borrowing authority of such agency.

(d) If (1) the estimated number of nonfederally connected children who will be in the membership of the schools of a local educational agency at the close of the increase period is less than (2) 106 per centum of the number of such children who were in the average daily membership of such agency during the base year, the total number of children counted for purposes of subsection (a) with respect to such agency shall be reduced by the difference between (1) and (2) hereof, except that the number of children counted for the purposes of paragraph (1) or (2) of subsection (a) shall not be reduced by more than one thousand five hundred and that the number of children counted for the purposes of paragraph (3) of subsection (a) shall not be reduced by more than two thousand five hundred. For purposes of this subsection, all children in the membership of a local educational agency shall be counted as nonfederally connected children except children whose membership in the base year and increase period was compared in computing an increase which meets the requirements of subsection (c).

(e) Notwithstanding the provisions of subsections (c), (d), and (f) of this section, whenever and to extent that, in his judgment, exceptional circumstances exist which make such action necessary to avoid inequity and avoid defeating the purposes of this Act, the Commissioner may do any one or more of the following: (1) he may waive or reduce the minimum number requirement or any percentage requirement or requirements in subsection (c); (2) he may waive the requirement contained in the first sentence of subsection (d) or reduce the percentage specified in clause (2) of such sentence; or (3) he may waive or reduce the requirement contained in subsection (f).

(f) In determining under this section the total of the payments which may be made to a local educational agency on the basis of any application, the total number of children counted for purposes of paragraph (1), (2), or (3), as the case may be, of subsection (a) may not exceed—

(1) the number of children whose membership at the close of the increase period for the application is compared with membership in the base period for purposes of that paragraph, minus

(2) the number of such children whose membership at the close of the increase period was compared with membership in the base year for purposes of such paragraph under the last previous application, if any, of the agency on the basis of which any payment has been or may be made to that agency.

SCHOOL CONSTRUCTION ASSISTANCE IN OTHER FEDERALLY AFFECTED AREAS

SEC. 14. (a) If the Commissioner determines with respect to any local educational agency that—

(1) such agency is providing or, upon completion of the school facilities for which provision is made herein, will provide free public education for children who reside on Indian lands, and whose membership in the schools of such agency has not formed and will not form the basis for payments under other provisions of this Act, and that the total number of such children represents a substantial percentage of the total number of children for whom such agency provides free public education, or that such Indian lands constitute a substantial part of the school district of such local educational agency, or that the total number of such children who reside on Indian lands located outside the school district of such agency equals or exceeds 100;

(2) the immunity of such Indian lands to taxation by such agency has created a substantial and continuing impairment of its ability to finance needed school facilities;

(3) such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance available for the purpose; and

(4) such agency does not have sufficient funds available to it from other Federal, State, and local sources to provide the minimum school facilities required for free public education of a substantial percentage of the children in the membership of its schools,

he may provide the additional assistance necessary to enable such agency to provide such facilities, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest; but such additional assistance may not exceed the portion of the cost of such facilities which the Commissioner estimates has not been, and is not to be, recovered by the local educational agency from other sources, including payments by the United States under any other provisions of this Act or any other law. Notwithstanding the provisions of this subsection, the Commissioner may waive the percentage requirement in paragraph (1) whenever, in his judgment, exceptional circumstances exist which make such action necessary to avoid inequity and avoid defeating the purposes of this section. Assistance may be furnished under this subsection without regard to paragraph (2) (but subject to the other provisions of this subsection and subsection (e)) to any local educational agency which provides free public education for children who reside on Indian lands located outside its school district. For purposes of this subsection "Indian lands" means Indian reservations or other real property referred to in the second sentence of section 15(1).

(b) If the Commissioner determines with respect to any local educational agency that—

(1) such agency is providing or, upon completion of the school facilities for which provision is made herein, will provide free public education for children who reside on Indian lands, and whose membership in the schools of such agency has not formed and will not form the basis for payments under other provisions of this Act, and that the total number of such children represents a substantial percentage of the total number of children for whom such agency provides free public education, or that such Indian lands constitute a substantial part of the school district of such local educational agency, or that the total number of such children who reside on Indian lands located outside the school district of such agency equals or exceeds one hundred; and

(2) the immunity of such Indian lands to taxation by such agency has created a substantial and continuing impairment of its ability to finance needed school facilities;

he may, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest, provide the additional assistance necessary to enable such agency to provide the minimum school facilities required for free public education of children in the membership of the schools of such agency who reside on Indian lands; but such additional assistance may not exceed the portion of the cost of constructing such facilities which the Commissioner estimates has not been, and is not to be, recovered by the local educational agency from other sources, including payments by the United States under any other provisions of this Act or any other law. Notwithstanding the provisions of this subsection, the Commissioner may waive the percentage requirement in paragraph (1) whenever, in his judgment, exceptional circumstances exist which make such action necessary to avoid inequity and avoid defeating the purposes of this section. Assistance may be furnished under this subsection without regard to paragraph (2) (but subject to the other provisions of this subsection and subsection (e)) to any local educational agency which provides free public education for children who reside on Indian lands located outside its school district. For purposes of this subsection "Indian lands" means Indian reservations or other real property referred to in the second sentence of section 15(1).

(d)[1] There are hereby authorized to be appropriated for each fiscal year such sums as may be necessary to carry out the provisions of this section. There are also authorized to be appropriated such sums as may be necessary for administration of such provisions. Amounts so appropriated, other than amounts appropriated for administration, shall remain available until expended.

(e) If the Commissioner determines with respect to any local educational agency—

(1) that (A) such agency is providing or, upon completion of the school facilities for which provision is made herein, will provide, free public education for children who are inadequately housed by minimum school facilities and whose membership in the schools of such agency has not formed and will not form the basis for payments under other provisions of this Act, and (B) the total number of such children represents a substantial percentage of the total number of children for whom such agency provides free public education, and (C) Federal property constitutes a substantial part of the school district of such agency,

(2) that the immunity of such Federal property from taxation by such agency has created a substantial and continuing impairment of such agency's ability to finance needed school facilities,

(3) that such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance for the purpose, and

(4) that such agency does not have sufficient funds available to it from other Federal, State, and local sources to provide the minimum school facilities required for free public education of a substantial percentage of the children in the membership of its schools,

he may provide the assistance necessary to enable such agency to provide minimum school facilities for children in the membership of the schools of such agency whom the Commissioner finds to be inadequately housed, upon such terms and conditions, and in such amounts (subject to the applicable provisions of this section) as the Commissioner may consider to be in the public interest. Such assistance may not exceed the portion of the cost of such facilities which the Commissioner estimates has not been, and is not to be, recovered by the local educational agency from other sources, including payments by the United States under any other provisions of this Act or any other law. Notwithstanding the provisions of this subsection, the Commissioner may waive the percentage requirement in paragraph (1) whenever, in his judgment, exceptional circumstances exist which make such action necessary to avoid inequity and avoid defeating the purposes of this subsection.

(e) No payment may be made to any local educational agency under subsection (a) or (b) except upon application therefor which is submitted through the appropriate State educational agency and is filed with the Commissioner in accordance with regulations prescribed by him, and which meets the requirements of section 6(b)(1). In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the local educational agencies which have submitted approvable applications and the nature and extent of the Federal responsibility. No payment may be made under subsection (a) or (b) unless the Commissioner finds, after consultation with the State and local educational agencies, that the project or projects with respect to which it is made are not inconsistent with overall State plans for the construction of school facilities. All determinations made by the Commissioner under this section shall be made only after consultation with the appropriate State educational agency and the local educational agency.

(f) Amounts paid by the Commissioner to local educational agencies under subsection (a) or (b) may be paid in advance of, or by way of reimbursement for, work performed or purchases made pursuant to the agreement with the Commissioner under this section, and may be paid in such installments as the Commissioner may determine. Any funds paid to a local educational agency and not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States.

(g) None of the provisions of sections 1 to 10, both inclusive, other than section 6(b)(1), shall apply with respect to determinations made under this section.

(h) It is hereby declared to be the policy of the Congress that the provision of assistance pursuant to subsections (a) and (b) of this section shall be given a priority at least equal to that given to payments made pursuant to section 10 of this Act.

School Assistance in Federally Affected Areas

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$380,216,000	$343,610,000	$343,610,000	$343,610,000
1965	417,030,000	389,580,000	389,580,000	389,580,000
1966	396,370,000	437,370,000	437,370,000	437,370,000
1967	205,717,000	468,517,000	507,348,000	468,517,000
1968	438,517,000	529,482,000	563,282,000	529,482,000
1969	409,697,000	520,207,000	520,207,000	520,207,000
1970	201,107,000	519,507,000	599,107,000	519,507,000
1971	425,000,000	438,900,000	672,700,000	549,968,000
1972	439,300,000	606,880,000	676,880,000	611,880,000
1973	430,910,000	641,405,000	681,405,000	---
1974	60,500,000			

NOTE: In order to reflect comparability with the 1973 estimate this table excludes all funds for technical services under P.L. 815.

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	1973 Estimate	1974 Estimate	Increase or Decrease
Maintenance and operations:			
Budget authority and obligations....	$415,000,000	$41,500,000	$-373,500,000

Narrative

Purpose and Scope:

Title I of Public Law 81-874 authorizes financial assistance for the maintenance and operation of local school districts in which enrollments are affected by Federal activities. Payments under Section 3 are made to eligible school districts which provide free public education to children who live on, with a parent employed on, Federal property (Section 3(a) children) and to children who either live on Federal property or live with a parent employed on Federal property or in the Uniformed Services (Section 3(b) children). Payments are also made under other sections including: Section 2 when there has been a loss of tax base as a result of the acquisition of real property by the Federal Government; Section 6 under which the Commissioner provides the full cost of education for children residing on Federal property where no State or local educational agency is able, because of State law or for other reasons, to provide suitable free education to such children; and Section 7 which provides assistance in major disaster areas. Payments under P.L. 874 are deposited by local school districts into current operating expense accounts and thus are used for general school purposes benefitting all students enrolled in applicant districts.

Fiscal Year 1972/1973:

Of a total of 4,737 applications received in fiscal year 1972, there were 4,556 eligible school district applicants. Almost two and a half million federally-connected children were eligible in local school districts which in the aggregate educated over half of the Nation's public elementary and secondary school children. The number of 3(a) children increased from 385,000 to 387,000, a lesser rate of increase than has occurred in recent years. The number of 3(b) children decreased from 2,100,000 to just under 2,000,000. (These figures do not include children residing in low-rent housing units eligible to be claimed, but for which funds were not appropriated.) In recognition of the greater burden of the 3(a) child for whom virtually no tax base exists, the 1972 appropriation Act included language which authorized a higher funding level for 3(a) children over the funding level for 3(b) children. Full funding for 3(a) children was provided to districts having 25 percent or more such children in relation to total number of children. Other 3(a) children were funded at 90 percent of entitlements. Special language provided with the appropriation limited the funding of 3(b) children to 73 percent of entitlement. After the foregoing funding and the funding of Sections 6 and 7 in full (as required in the basic law), the remaining funds permitted payments for Sections 2, 3, and 4 at 100 percent of entitlements.

Under existing provisions of Public Law 81-874 and specifically requested appropriations language, the budget request of $415,000,000 for fiscal year 1973 will provide full entitlements for children under Sections 3(a) and 6, most of whom are dependents of military personnel. This amount will also provide payments for Section 3(b) children who are dependents of Uniformed Services personnel. Funds were not requested for any other category of children under Section 3(b) and other sections, with the exception of Section 7 which provides major disaster assistance. However, an amount was included to assist school districts that would lose more than five percent of their 1972 budgets for current expenditures under these funding arrangements. The requested appropriation language includes working to permit any pupil residing on Indian lands to be considered an "a" child even if his parent is employed on private property. Thus school districts will receive full payments for all Indian pupils eligible under the impact aid program.

Fiscal Year 1974:

The amount of $41,500,000 is requested to fund entitlements under Section 6. Entitlements under Section 6 provide the full cost of educating children who reside on Federal property in States where, due to state law or for other reasons, local school districts are unable to provide suitable free public education for such children. Schools operated under Section 6 cannot be terminated until the Commissioner of Education and the Secretary of the Federal department concerned jointly determine, after consultation with the appropriate State education agency, that a local education agency is able to provide suitable free public education for the children attending such schools. There is a continuing effort by the Office of Education to reduce the number of Section 6 schools.

Support for category "a" children and for children who live on Indian land will be continued in the context of Special Education Revenue Sharing for which authorizing legislation will be proposed. An amount of $232,000,000 has been estimated for these purposes.

The budget proposes a reduction of $146,350,000 in payments to local educational agencies for the education of the children of parents who work for the Federal government but do not live on Federal property — the so-called "B" students. A general consensus has developed over the last several Administrations -- based upon many studies and evaluations -- that this type of Federal activity does not really constitute an economic burden on local schools. The parents of the so-called "B" children pay local property taxes for the support of their schools just like everyone else.

Program Statistical Data

	1972 Estimate	1973 Estimate	1974 Estimate
Target population (federally-connected students)1/	2,435,000	933,000	50,000
Number of projects	4,600	4,100	29
Average cost per student	$ 229	$ 399	$ 829

1/In 1972 all "a", "b" and Section 6 students are funded. In 1973 only "a", "b" military and Section 6 students are funded. In 1974 only Section 6 students are funded from this appropriation. The "a" students are funded under revenue sharing; the "b" student support is terminated.

Estimated Requirements for Payments to School Districts
Titles I and IV, Public Law 874, as amended
Fiscal Years 1972, 1973, and 1974

Section	Basis of Eligibility	1972 Entitlement	1972 Appropriation	1973 Entitlement	1973 Budget Request	1974 Entitlement	1974 Budget Request
Section 2	School districts having partial loss of tax base by removal of real property from tax rolls through Federal acquisition.	$ 6,500,000	$ 6,500,000	$ 7,000,000	$ ---	$ 7,000,000	$ ---
Section 3(a)-ADA)	Children of parents who work on and reside on Federal property.	387,200		414,500		387,000	
-Rate)		$489		$540		$590	
-Entitlement)		$189,300,000	$180,500,000	$223,850,000	$223,850,000 1/ $3,300,000 1/	$228,350,000	2/ 3/
Section 3(b)-ADA)	Children of parents who either work on or reside on Federal property or in Uniformed Service.	1,985,000		1,849,000		1,730,000	
-Rate)		$228.50		$250		$275	
-Entitlement)		$454,000,000	$331,380,000	$462,250,000	$122,589,000	$476,000,000	$ ---
Section 3(e)	School districts eligible to receive amount to which they would have been entitled before reduction of Federally-connected children by cessation or decrease of Federal activity.	$ 700,000	$ 700,000	$ 700,000	$ ---	$ 700,000	$ ---
Section 3(c)(4)	Provides special deficit rate of payment when 50% or more of children reside on Federal property.	$ 300,000	$ 300,000	$ 300,000	$ ---	$ 300,000	$ ---
Deductions 3(c)(2)(B)	Deduction when eligibility requirement not met in second fiscal year of two-year period.	$ -1,000,000	$ -1,000,000	$ -1,000,000	$ ---	$ -1,000,000	$ ---
Net Section 3 Entitlement		$643,300,000	$511,880,000	$686,100,000	$349,739,000	$704,350,000	$ ---

Section	Basis of Eligibility	1972 Entitlement	1972 Appropriation	1973 Entitlement	1973 Budget Request	1974 Entitlement	1974 Budget Request
Section 4 -	Sudden and substantial increase of children resulting from Federal activities carried on directly or through a contractor.	$ 1,500,000	$ 1,500,000	$ 1,000,000	$ —	$ 1,000,000	$ —
Section 6	Arrangements with Federal agencies for educating certain children residing on Federal property.	$ 37,650,000	$ 37,650,000	$ 41,450,000	$ 41,450,000	$ 41,450,000	$ 41,450,000[4]
Setion 402	Transfer of funds to Federal agencies for service provided to local educational agencies.	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000[4]
Section 7	Natural disasters.	$ 35,000,000	$ 35,000,000	$ —	$ —	$ —	$ —
	Hardship clause and balance, part of which will be used to fund Section 7.	$ —	$ —	$ —	$ 23,761,000	$ —	$ —
Low-Rent Housing	(Definition of Federal Property now includes low-rent housing.)	$ 300,000,000	$ —	$ 330,000,000	$ —	$ 360,000,000	$ —
TOTALS		$1,024,000,000	$592,580,000	$1,065,600,000	$415,000,000	$1,113,850,000	$ 41,500,000

[1] Entitlement for Indian children whose parents live on Federal property, but work in the community.

[2] Estimate for "A" children included in Special Education Revenue Sharing.

[3] Payments for Indian children whose parents live on Federal property, but work in the community are included in Special Education Revenue Sharing.

[4] Payments to Federal agencies, which provide for the education of children, are not appropriate for inclusion in Special Education Revenue Sharing. These payments are provided for, instead, in this appropriation account.

	1973 Estimate	1974 Estimate	Increase or Decrease
Construction			
Budget authority..................	$15,910,000	$19,000,000	$+3,090,000
Obligations	24,120,433	19,000,000	-5,120,433

Narrative

Purpose and Scope:

ublic Law 81-815 authorizes financial assistance to local school districts for the construction of school facilities in areas where enrollments are increased by Federal activities. Assistance is authorized to eligible school districts which provide free public education for children who live on Federal property and/or have a parent employed on Federal property or in the Uniformed Services. Direct Federal construction of school facilities for children residing on Federal property is provided where no State or local educational agency is able, because of State law or for other specified reasons, to provide suitable free public education for such children. Construction assistance funds are also provided to school districts educating substantial numbers of children who reside on Indian lands. Assistance is also provided to replace or restore school facilities destroyed or seriously damaged as a result of a major disaster. Priorities contained in the basic law provide that applications for disaster assistance must be funded first from any available funds. Then, needs of a temporary nature, direct Federal construction and construction for Indian children share priority in any remaining funds. Other eligible local educational agencies' construction needs have no priority on funds in the basic law.

Fiscal Year 1973:

The 1972 appropriation was used to fund disaster applications in the amount of $11,300,000. The remaining $8,000,000 funded the highest priority projects under the priority sections of the Act in the following amounts: $200,000 for school construction needs of a temporary nature, $3,800,000 for direct Federal school construction and $4,000,000 for construction of school facilities for children residing on Indian lands. This initiated 13 new projects to provide 37 classrooms.

With the specifically requested appropriation language, the budget request of $15,910,000 for fiscal year 1973 will be used to meet the most pressing construction needs of local education agencies which have applied under Section 5 of the Act as a result of increased military activity and housing and under Sections 14(a) and (b) for assistance for children residing on Indian lands. This appropriation request will continue assistance for children residing on Indian lands and will aid high priority local education agency applications eligible under the provisions of Section 5 filed in fiscal year 1968 to the present which have not been assisted due to basic provisions of the law which provided priority in funding to other sections of the Act.

Fiscal Year 1974:

Special appropriation language will be requested again in fiscal year 1974 with a request of $19,000,000. The language will differ from 1973 only in order to provide more funds for Indian school construction. The 1973 language continued a priority for Indian school construction established by Public Law 91-230 and first effective in fiscal year 1971. However, the 1973 language did not provide as much funds for Indian school construction as would be provided by priorities in the basic law as amended by Public Law 91-230. This is due to the fact that estimated requirements under Section 5 are two and a half times greater than the estimated requirements under the priority Sections 9 and 10. Thus, Sections 14(a) and (b)--Indian school construction--receive approximately 20 percent of funds when sharing with Section 5 and about 35 percent when sharing with Sections 9 and 10. The 1974 language will provide 35 percent, of funds appropriated, for Indian school construction under Sections 14(a) and (b) and 65 percent for Section 5..

This request continues the thrust of our 1973 Budget Request to provide, along with assistance for Indian school construction, aid for high priority local education agencies whose applications were eligible but were not funded under Section 5 since 1968. This was due to priorities given to other sections by the basic law.

When the original law was passed, many States had laws prohibiting local districts from constructing on Federal property. This prohibition was recognized by Section 10 which provided for such construction and was given priority in funding. Today, only a few States have such laws. Thus, most school districts must apply under Section 5, presently a non-priority section of the basic law. The resulting situation has been that a school district in a State unwilling to construct on Federal property has had priority on funds over a school district in a State that is willing to contribute to such construction. School districts in the latter category have not been considered for funds from 1968 until the Budget Request for 1973. Many children in these districts are on double shifts and/or are attending school in make-shift arrangements such as church basements due to the lack of school facilities. In a number of cases, the non-Federal local people have already raised their fair share of the cost of constructing new facilities. Further new construction cannot be started until the Federal Government provides its share.

No assistance will be granted from this appropriation for applications on file or which may be filed under Sections 9 (temporary impact) and 10 (direct Federal construction on Federal installations). However, funds committed from prior year appropriations will be obligated for these purposes in 1973 and any remaining funds in 1974.

Program Statistical Data:

	1972 Estimate	1973 Estimate	1974 Estimate
Target population students	6,400	7,370	7,680
Number of classrooms	230	260	275
Number of sq. ft. constructed	544,000	626,300	652,700
Number of Projects:			
New	(18)	(18)	(25)
Continuations	(6)	(—)	(—)

Estimated Data for School Construction, by Section
Public Law 815, As Amended
Fiscal Years 1972, 1973, and 1974

Section	Basis of Eligibility	1972 Appropriation	1973 Budget Request	Backlog Prior to 1974	1974 Entitlement	1974 Budget Request
5	Children of parents who, work on) and/or reside on Federal property) or who represent an increase in) Federal activity either directly) or through a contractor.)	Number of children Rate of construction per child	$12,505,000	$154,700,000	$39,000,000	5,600 $2,200 $12,350,000
8	Provision of non-Federal share of construction imposes a financial hardship.			4,000,000	1,000,000	
Total, Sections 5 and 8			12,505,000	158,700,000	40,000,000	12,350,000
9	Temporary increases of Federally-connected children for whom temporary school facilities are provided	$ 200,000		3,144,000	2,000,000	
10	Federally constructed schools on Federal property	3,800,000		59,277,000	15,000,000	
14	Substantial number of children residing on Federal property (mostly tax--exempt Indian land) and lack of financial resources	4,000,000	3,405,000	45,044,000	15,000,000	6,650,000
16	Natural disasters[1/]	11,300,000				
Grand Totals		$19,300,000	$15,910,000	$266,165,000	$72,000,000	$19,000,000

[1/] Requirements are unpredictable. They are payable out of regular appropriation, subject to replacement by supplemental appropriations as needed.

OFFICE OF EDUCATION

School Assistance In Federally Affected Areas

Program Purpose and Accomplishment

Activity: Maintenance and Operation

	1974	
1973	Authorization	Budget Estimate
$415,000,000	$1 [illegible],850,000	$41,500,000

Purpose: Title I of P.L. 81-874 authorizes financial assistance for the maintenance and operation of local school districts in which enrollments are affected by Federal activities.

Explanation: Applications and documentation are submitted by local education agencies. This material is reviewed and verified by Office of Education personnel and awards made directly to the local education agencies. The Office of Education provides for the full cost of education of children residing on Federal property where no education agency is able to provide suitable free education to such children.

Accomplishments in 1973: Grants were made to provide support for some 933,000 pupils with greater proportionate support going to heavily impacted school districts.

Objectives for 1974: The estimate for 1974 will provide funding for Section 6, arrangements with Federal agencies for educating certain children residing on Federal property. Funding for children of parents who work on and reside on Federal property "a category children" are being included in special education revenue sharing. Funding for other sections of the Act are being terminated. It is estimated that approximately 50,000 pupils will receive benefits in 1974 from this appropriation.

OFFICE OF EDUCATION

School assistance in federally affected areas

Program Purpose and Accomplishments

Activity: Construction

	1974	
1973	Authorization	Budget Estimate
$15,910,000	$72,000,000	$19,000,000

Purpose: Grants are made to assist in construction of schools in local school districts where there are significant increases in pupils resulting from Federal activities.

Explanation: Applications and documentation are submitted by local education agencies. This material is reviewed and verified by Office of Education personnel and awards are made directly to the local education agencies.

Accomplishments in 1973: Grants were made to meet the most pressing construction needs of local education agencies which have applied under sections 5 and 14 (a) and (b) of the Act. It is estimated that over 250 classrooms benefitting almost 25,000 students will be constructed.

Objectives for 1974: Grants in 1974 will provide greater assistance for Indian school construction as well as for school construction needs resulting from increased military activity. It is planned to construct 275 classrooms to serve almost 33,000 students.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

School Assistance in Federally Affected Areas

Public Law 874 - Maintenance and Operations

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate
TOTAL	$ 583,331,756	$415,000,000	$ 41,500,000
Alabama	9,750,166	5,228,000	1,938,000
Alaska	23,457,876	25,455,000	---
Arizona	12,747,571	12,531,000	---
Arkansas	3,104,970	2,112,000	---
California	76,577,331	59,031,000	26,000
Colorado	12,765,583	7,741,000	---
Connecticut	3,838,347	3,059,000	---
Delaware	2,051,687	2,419,000	2,052,000
Florida	17,741,029	15,493,000	684,000
Georgia	16,637,457	11,569,000	4,989,000
Hawaii	10,965,538	8,685,000	---
Idaho	3,280,756	1,808,000	---
Illinois	13,329,632	8,183,000	---
Indiana	3,324,105	1,564,000	---
Iowa	2,174,273	364,000	---
Kansas	8,445,114	6,645,000	27,000
Kentucky	8,982,337	7,202,000	5,901,000
Louisiana	3,643,24[illegible]	3,571,000	474,000
Maine	3,101,994	2,668,000	---
Maryland	29,879,298	10,756,000	---
Massachusetts	13,311,994	7,582,000 2/	1,423,000
Michigan	5,653,773	4,935,000	---
Minnesota	3,189,369	1,852,000	---
Mississippi	3,110,946	2,682,000	---
Missouri	8,111,328	4,131,000	---
Montana	5,711,077	5,086,000 2/	---
Nebraska	5,163,018	6,032,000	---
Nevada	3,549,930	2,626,000	---
New Hampshire	2,309,156	1,602,000	---
New Jersey	14,285,764	8,249,000	---
New Mexico	13,944,927	10,881,000	---
New York	27,355,168	10,374,000	1,491,000
North Carolina	15,221,951	14,962,000	8,828,000
North Dakota	5,035,160	4,941,000	---
Ohio	10,291,091	4,295,000	---
Oklahoma	11,692,378	7,512,000	---
Oregon	3,662,262	2,660,000	18,000
Pennsylvania	27,361,406	2,496,000	4,000
Rhode Island	4,296,289	4,181,000	---
South Carolina	9,453,216	7,458,000	2,996,000

State or Outlying Area	1972 Actual	1973 Estimate[1/]	1974 Estimate
South Dakota	$ 5,617,849	$ 4,577,000	$ ---
Tennessee	6,992,356	2,225,000	---
Texas	33,250,028	20,850,000	---
Utah	7,917,755	2,028,000	---
Vermont	132,238	65,000	---
Virginia	36,519,357	26,007,000	2,938,000
Washington	14,185,049	10,090,000	---
West Virginia	765,110	192,000	---
Wisconsin	1,958,159	1,218,000	---
Wyoming	2,494,715	1,955,000	---
District of Columbia	3,965,678	567,000	---
Guam	2,589,560	2,278,000	---
Puerto Rico	8,064,810	8,260,000[2/]	7,474,000
Virgin Islands	113,463	--- [2/]	---
Wake Island	277,120	306,000	237,000
Hardship Clause	---	23,761,000	---

[1/] Estimated payments of entitlements under Section 3(a) including former Section 3(b)(1) Indian children at 100 percent and Section 6 and 100 percent. Includes amounts for Section 3(b) children of Uniformed Services personnel based on 1971 data furnished by States. Section 7 cannot be estimated but will be funded at 100 percent.

[2/] Does not include an amount for Section 3(b) children of Uniformed Services personnel. Data not available.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Elementary and Secondary Education

Public Law 815 - Construction

State or Outlying Area	1972 Estimate	1973 Estimate	1974 Estimate
TOTAL	$ 24,485,881	$ 15,910,000	$ 19,000,000
Alabama	2,043,639	---	297,990
Alaska	137,704	---	2,835,635
Arizona	3,602,047	1,617,149	4,631,948
Arkansas	261	713,152	---
California	11,956,282	6,705,113	2,884,379
Colorado	---	---	---
Connecticut	---	---	---
Delaware	---	---	---
Florida	---	---	---
Georgia	34,323	---	---
Hawaii	---	---	---
Idaho	---	---	---
Illinois	739	---	2,140,431
Indiana	161	---	---
Iowa	---	---	---
Kansas	---	50,677	549,613
Kentucky	1,244	---	---
Louisiana	116,513	304,140	---
Maine	---	---	---
Maryland	9,375	---	---
Massachusetts	1,813,949	---	---
Michigan	22,065	---	58,000
Minnesota	---	---	89,500
Mississippi	889,898	---	---
Missouri	385,294	---	844,760
Montana	75,599	1,708,609	1,129,000
Nebraska	128,872	968,000	---
Nevada	---	---	---
New Hampshire	---	---	---
New Jersey	-52	---	976,495
New Mexico	---	---	---
New York	346,018	---	---
North Carolina	---	---	---
North Dakota	182,870	---	---
Ohio	-1,909	1,875,000	---
Oklahoma	14,869	---	---
Oregon	6,501	---	---
Pennsylvania	---	---	---
Rhode Island	---	1,885,858	685,757
South Carolina	1,041,002	---	---

State or Outlying Area		1972 Estimate		1973 Estimate		1974 Estimate
South Dakota	$	358,534	$	---	$	---
Tennessee		---		---		---
Texas		30,854		---		587,182
Utah		-16,969		---		---
Vermont		---		---		---
Virginia		-1,666		---		---
Washington		278,256		---		1,229,460
West Virginia		600,000		---		59,850
Wisconsin		---		---		---
Wyoming		868		82,302		---
District of Columbia		64,312		---		---
American Samoa		---		---		---
Guam		---		---		---
Puerto Rico		63,492		---		---
Trust Territory		---		---		---
Virgin Islands		---		---		---
Adjustment		300,996		---		---

NOTE: The 1972 figures are estimated obligations since these are no year funds and reconciliations are being carried out with the individual projects, this also accounts for minus entries where prior year funds have been returned. The 1973 and 1974 figures are appropriation estimates.

The 1972 figure excludes technical services.

TUESDAY, MARCH 13, 1973.

EMERGENCY SCHOOL ASSISTANCE

LIST OF WITNESSES

DUANE J. MATTHEIS, DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS

DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION, DESIGNATE

DR. JOHN H. RODRIGUEZ, ASSOCIATE DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS

DR. HERMAN R. GOLDBERG, ASSOCIATE COMMISSIONER FOR EQUAL EDUCATIONAL OPPORTUNITY

DR. WILLIAM C. ROCK, DEPUTY ASSOCIATE COMMISSIONER FOR EQUAL EDUCATIONAL OPPORTUNITY (MANAGEMENT)

GEORGE R. RHODES, JR., ACTING DEPUTY ASSOCIATE COMMISSIONER FOR EQUAL EDUCATIONAL OPPORTUNITY (OPERATIONS)

DR. JOHN W. EVANS, ACTING DEPUTY COMMISSIONER FOR PLANNING, EVALUATION, AND MANAGEMENT

JAMES B. ROBERTS, EXECUTIVE OFFICER FOR SCHOOL SYSTEMS

JOE G. KEEN, BUDGET OFFICER

TOM McNAMARA, BUDGET ANALYST

CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

Object Classification (in thousands of dollars)

Identification code 09–40–0275–0–1–601	1972 actual	1973 est.	1974 est.
Personnel compensation:			
11.1 Permanent positions	829	---------	---------
11.3 Positions other than permanent	50	---------	---------
11.5 Other personnel compensation	12	---------	---------
Total personnel compensation	891	---------	---------
12.1 Personnel benefits: Civilian	72	---------	---------
21.0 Travel and transportation of persons	176	---------	---------
22.0 Transportation of things	1	---------	---------
23.0 Rent, communications, and utilities	75	---------	---------
24.0 Printing and reproduction	10	---------	---------
25.0 Other services	1,563	3,280	2,489
41.0 Grants, subsidies, and contributions	70,608	267,360	268,151
99.0 Total obligations	73,396	270,640	270,640

Personnel Summary

Average paid employment	67	---------	---------
Average GS grade	10.0	---------	---------
Average GS salary	$16,467	---------	---------

Program and Financing (in thousands of dollars)

Identification code 09–40–0275–0–1–601	1972 actual	1973 est.	1974 est.
Program by activities:			
1. Special projects:			
(a) Metropolitan area projects	---------	11,397	12,447
(b) Bilingual education projects	---------	9,117	9,958
(c) Educational television	---------	6,838	7,466
(d) Special programs and projects	---------	11,397	12,447
(e) Evaluation	---------	2,280	2,489
2. State apportionment:			
(a) Pilot programs	---------	34,191	37,341
(b) Special programs and projects	---------	18,235	19,915
(c) General grants to local educational agencies	---------	134,485	146,875
3. Training and advisory services (Civil Rights Act)	---------	21,700	21,700
4. Temporary emergency school assistance program:			
(a) Program support	71,800	21,000	---------
(b) Administration	1,596	---------	---------
10 Total obligations	73,396	270,640	270,640
Financing:			
40 **Budget authority (appropriation)**	**73,396**	**270,640**	**270,640**
Relation of obligations to outlays:			
71 Obligations incurred, net	73,396	270,640	270,640
72 Obligated balance, start of year	22,661	23,702	235,033
74 Obligated balance, end of year	−23,702	−235,033	−303,237
77 Adjustments in expired accounts	−403	---------	---------
90 Outlays	71,952	59,309	202,436

Note.—Includes $1,596 thousand in 1972 for activities transferred to Salaries and expenses. Excludes $14,600 thousand in 1972 for activities transferred from Civil rights education.

Mr. Flood. We proceed with the Department of Health, Education, and Welfare, Office of Education.

Now we have emergency school assistance. The presentation will be made by Duane J. Mattheis, Deputy Commissioner for School Systems.

Again we have your biography.

[The biographical sketch follows:]

Name: Duane J. Mattheis.

Position: Deputy Commisioner for School Systems.

Birthplace and date: Ellendale, N. Dak., October 20, 1927.

Education: University of North Dakota (Ellendale branch), 1950, B.S.; University of Northern Colorado, 1954, M.A.; Stanford University, 1971, M.E.A. Graduate study: Mankato State College, 1956; Columbia University, 1962; University of Minnesota, 1963.

Experience—

Present: Deputy Commissioner for School Systems, Office of Education.

1969–71: Stanford University, Graduate Study.

1964–69: Commissioner of Education, Minnesota.

1959–64: Owatonna Public Schools, Owatonna, Minn., Superintendent of Schools.

1956–58: Owatonna Junior-Senior High School, Owatonna, Minn., Assistant principal.

1954–56: Granite Falls Junior-Senior High Schools, Granite Falls, Minn., principal.

1953–54: LeRoy Junior-Senior High School, LeRoy, Minn., principal, classroom teacher, athletic coach.

1950–53: Granite Falls Junior-Senior High School, Granite Falls, Minn., classroom teacher of science and mathematics and athletic coach.

Association memberships: National Education Association, American Association of School Administrators, Phi Delta Kappa.

INTRODUCTION OF WITNESSES

Mr. Flood. How do you want to proceed?

Mr. Mattheis. I would like to begin by introducing three of my compatriots that have joined us at the table and for presentations. To my immediate left is Dr. Herman Goldberg, Associate Commissioner for Equal Education Opportunity. Sitting in the back of us here is Dr. William Rock, Deputy Associate Commissioner for Equal Educational Opportunity (Management). And George R. Rhodes, Jr., Acting Deputy Associate Commissioner for Equal Educational Opportunity (Operations).

These three people will join us in answering questions with regard to the Emergency School Aid Act.

Mr. Flood. I see that you have a prepared statement.

Mr. Mattheis. I would like to enter that into the record by reading it, if I may.

Mr. Flood. Suppose you do.

GENERAL STATEMENT

Mr. Mattheis. Mr. Chairman and members of the committee, the 1974 budget request for "Emergency school assistance" is $270,640,000. This is the amount appropriated in 1973 and, as in 1973, represents a consolidated request covering both the Emergency School Aid Act of 1972 and the closely related authorization, title IV of the 1964 Civil Rights Act.

BACKGROUND

During 1969 and 1970 a greater number of individual school districts were brought under court order to desegregate immediately than at any previous time. From these school districts, in increasing numbers, came requests, pleas, and occasional demands for assistance in meeting the many problems incident to the disestablishment of dual school systems. Prior to this time, Federal desegregation assistance was limited to the support activities prescribed under title IV of the Civil Rights Act. Although numerous awards for advisory specialists and inservice teacher training programs had been made during the period 1965 through 1970, this type of assistance could not be used to support community activities, remedial programs, or other necessary services and activities.

These broader needs fostered the interim emergency school assistance program under which funds were provided in fiscal years 1971 and 1972 to school districts which were either under court order or implementing a voluntary plan to eliminate de jure segregation. Grants were also made to nonprofit community groups.

In fiscal year 1973, pending enactment of the Emergency School Aid Act, the program continued funding of projects begun in fiscal year 1972 in order to maintain program momentum and valuable staff. To date 384 local educational agencies and 111 community groups have been funded in 1973, at a total cost of $18.5 million. Emergency School Aid Act programs have now been put into operation, with new administrative guidelines. Interim emergency school assistance projects funded in fiscal year 1972 and continued in 1973 must compete with other projects for funding under the Emergency School Aid Act.

Concurrent with the interim emergency school assistance program and as a complementary activity, the program of desegregation assistance authorized by title IV of the Civil Rights Act of 1964 was continued. In fiscal year 1971, 215 awards totaling $15.9 million were made for these purposes; in fiscal year 1972, there were 183 awards totaling $14.5 million. To date in fiscal year 1973, 51 awards totaling $2.5 million have been made. The balance of title IV funds are expected to be obligated by June 30, 1973. This title IV support significantly eased the difficulties of those local educational agencies which were facing desegregation problems, but could not qualify for interim emergency school assistance support.

CURRENT AND PROJECTED ACTIVITIES

Funding in fiscal year 1973 under the new Emergency School Aid Act is now in its initial stages and is summarized below, as is projected funding for fiscal year 1974. References to fiscal year 1974 increases which follow reflect redistribution of the $21 million which in fiscal year 1973 was authorized for continuing emergency school assistance projects but in 1974 will be available for the Emergency School Aid Act, per se.

Funds for the eight statutorily reserved Emergency School Aid Act program activities are provided either as national set-asides or State apportionments. The five set-aside programs—metropolitan area projects, bilingual education projects, educational television, special programs and projects, and evaluation—together constitute 18 percent of appropriated funds for the Emergency School Aid Act. In fiscal year 1973 this represents $41 million and will support an estimated 182 projects; our budget request for fiscal year 1974 would increase these programs by approximately $4 million.

The three State apportionment programs—basic (general grants to local educational agencies), pilot projects, and nonprofit projects (special programs and projects)—represent the remaining 82 percent of appropriated funds for the Emergency School Aid Act. In fiscal year 1973 this represents $187 million—$135 million for basic grants, $34 million for pilot, and $18 million for nonprofit projects—which will support an estimated 1,275 projects—200 pilot, 300 nonprofit and 775 basic. Our budget request for 1974 would increase these programs by $17 million and 350 projects, 200 of which would be basic grants to local educational agencies. School districts receiving basic—general—grants in fiscal year 1973 are expected to reduce minority group isolation for more than 650,000 children, with a substantial further reduction projected for fiscal year 1974. These districts are also expected to focus 75 percent of the awarded funds on reading, mathematics, and closely related instructional areas.

At present, the activities authorized by the title IV program are being focused to more fully complement activities provided by the Emergency School Aid Act of 1972. New title IV activities will reinforce the Emergency School Aid Act operations so that the two programs form a consistent, mutually supportive approach to school desegregation problems. Thus, it can be expected that earlier patterns of title IV expenditures will be modified somewhat for new awards in fiscal year 1974, as well as in the balance of fiscal year 1973. Since new program guidelines and regulations are still being developed, we are yet several weeks away from allocating new awards and dollars by program activity. The general trend, however, will be a heavier emphasis on State education agency units, university centers, and institutes, with a correspondingly lighter emphasis on grants to school districts—the latter need being largely met by the Emergency School Aid Act.

All funds obligated under the fiscal year 1973 appropriation will cover project expenses through fiscal year 1974 and, therefore, funds appropriated for fiscal year 1974 obligation will be expended in fiscal year 1975.

My colleagues and I will be pleased to answer any questions you may have.

CHANGE FROM ORIGINAL PROGRAM AIMS

Mr. Flood. I remember when you started this program this was originally envisioned as a mammoth effort, big deal, on the order of $1.5 billion; $1.5 billion is a big deal even for this committee. That was to aid the desegregating of the school districts. Last year the budget request was a total of $500 million. Congress appropriated $270,640,000 in the first supplemental for 1973. The 1974 budget request requested continuation of the level approved by Congress. How does the present plan compare with the original plan announced by the President in March of 1970?

Mr. **Mattheis.** Mr. Chairman, the plan varies by the number of dollars that you have indicated. There were some very good reasons for the change in the requests as well as the appropriation because of the timing in the year and the number of projects that could realistically be expected to be submitted and the dollars spent for a given time period. There are a number of factors that relate to the change in the $500 million budget request to the appropriation or continuation of this support for that dollar amount. It is a combination of a number of factors.

Mr. **Flood.** Name 11.

Mr. **Mattheis.** One was because of the timing, the most important one was because of the timing of the funding. Let me go back. By the time the law became enacted and the rules and regulations and administrative procedures set up, a good portion of the school year had already gone by. It was conceded in all realism that a $270 million allocation would suffice for the time period that we had to spend the money.

I might have Mr. Goldberg expand on that.

Mr. **Goldberg.** ESAP served school districts.

Mr. **Flood.** Translate that for the record.

INTERIM EMERGENCY SCHOOL ASSISTANCE PROGRAM

Mr. **Goldberg.** The emergency school assistance program, the earlier program, served school districts under court order to desegregate. The Emergency School Aid Act was set up to serve both school districts wishing to desegregate on a voluntary basis and those under court order. On October 29, the date by which the appropriation came through, as Mr. Mattheis said, it was well into the 1972–73 school year. Hence, districts wishing to desegregate on a voluntary basis could not have made their plans early enough to get funds for the first semester of this current school year. In addition, some 130 districts that received help under the earlier program, emergency school assistance program, found some funds remaining in their accounts from personnel turnover and other reasons and applied to the Office of Education regional offices for extension of these continuing grants. Most of them received permission to continue these grants. These carried many through the spring semester, the semester we are in now, or substantially through that semester. There was also a noted reluctance on the part of districts in parts of the country, where the school districts were not primarily of the de jure makeup, to apply for these funds when they were not ready perhaps to indicate that they were prepared to go forward with desegregation plans.

We have had very limited action from de facto districts. Less than we had expected. In all fairness, however, we should point out that to give the districts time to prepare very adequate plans——

DE FACTO AND DE JURE SEGREGATION

Mr. **Flood.** When you use the terms "de facto" and "de jure" you refer to them in direct connection with the various orders of the court?

Mr. **Goldberg.** That is correct.

Mr. **Flood.** Orders of the various courts?

Mr. GOLDBERG. Yes. To give them adequate time to prepare applications to meet this rather complex bill.

They did have to have the necessary weeks and months to appoint various citizen committees, student advisory committees, parent advisory committees, et cetera, before whom they could present their basic plan and from whom they could get advice as to adjusting their plans. We gave these districts advice not to apply in batch 1 for these funds because we knew that if they didn't have adequate time the rating panels would probably find the plans deficient. A number heeded this advice, but what we are now seeing in batch 2, Mr. Chairman, is a rather steep increase in applications.

ELIGIBILITY REQUIREMENTS

Mr. FLOOD. What are the eligibility requirements for receiving aid under the program?

Mr. GOLDBERG. Surely. The eligibility requirements are that a school district must have passed a plan for eliminating or reducing racial isolation in its schools. This must be by board resolution. It cannot be a hope if you get funds you will begin to think about how you might want to do it. It must be a formal resolution. The school district must have recognized through needs assessment, through finding out what is wrong, where the district recorded the kinds of problems they think that they have and the kinds of activities that the law sets up for them to choose from to match the needs, then to apply for funds to pay for the activities that match the needs. Short of that kind of activity the panels will find applications not eligible to be rated, not eligible to be funded.

Mr. FLOOD. Was that nationwide?

Mr. GOLDBERG. Northeast, Southwest.

Dr. OTTINA. Your earlier statement with regard to the $1.5 billion, you may recall at the time that estimate was given it was envisioned as $500 million for the first year and $1 billion for the second year of a program that was at this time thought to be a 2-year program. As you are aware, the program has changed during the initiation of the President's proposal and the law that ensued thereafter. Perhaps Mr. Goldberg would point out some differences.

PROGRAM CHANGES MADE BY THE EMERGENCY SCHOOL AID ACT

Mr. GOLDBERG. The Emergency School Aid Act serves districts that are in various ways trying to eliminate or reduce or prevent racial isolation. There are some majority-minority districts with heavy minority impaction of students that would find it difficult to compete successfully for the basic grants portion of the act but could compete very successfully with peer districts within their States for pilot projects.

The section of the bill that Congress very wisely wrote into the act will adjust these types of districts where unusually promising pilot projects would enable them to get a substantial sum of money to do those things that would improve academic coapplication for an integrated school project to go along with the pilot project, that would help prevent white flight. A number of school districts are applying for grants of this type. The pilot project section is a unique feature that we think will assist many, many small districts in certain parts of the country that are almost 100 percent minority and also some of our huge urban centers in the country where there are more than 15,000 minority children or where the minority children group makes up more than 50 percent of the school population. They will do better applying for the pilot project section.

FUNDS USED FOR STUDENT TRANSPORTATION

Mr. **Flood**. How much of the appropriation will be used for student transportation or busing?

Mr. **Goldberg**. There are limited funds being used in batch 1. We have the record of batch 1 requests for funds to support straight student transportation from home to school and return.

Mr. **Flood**. Buses?

Mr. **Goldberg**. We fund for educational activities. In very few cases the school district applications made a very good case for minimum amounts of busing to go along with field trips that had to do with significant interracial experiences, either during school hours or after school hours. we have a figure of $36,000 involved for that in relation to a total funding in batch 1 of $14.3 million. Those were connected only with field trips for interracial experiences, no busing, home, school, or return.

ROLE OF STATE EDUCATION AGENCIES

Mr. **Flood**. What is the role of the State education agencies; you have some budget activities labeled "special projects" and another, "State apportionment"?

Mr. **Goldberg**. The State apportionment section perhaps is somewhat of a misnomer. Some may feel that flows through the States. No. The table of apportionment set forth in the statute indicates how the formula was to be utilized to divide the money among the States.

Mr. **Flood**. State apportionment is your phrase.

Mr. **Goldberg**. It is 82 percent of the total funds for State apportionment and 18 percent for set-asides.

Mr. **Flood**. What about the special projects?

Mr. **Goldberg**. Special projects in the statute is used two ways: One, it is used to indicate the discretionary amounts and also amounts having to do with bilingual bicultural education, educational television, community grants.

Mr. **Flood**. What is the role of the State agencies?

Mr. **Goldberg**. The State agency has an opportunity to do three things: One, get copies of the application; they write their comments, they can recommend or not recommend. They do not have a sign off. The State education departments have the role prior to building the application of helping the individual districts, where services are called for, in trying to work out solutions to the need assessments and the kinds of activities. Thereafter this application is approved or rejected and they have the ongoing function of assisting districts in reaching quality education.

The States also have the opportunity to sit in on the panels that are rating these various applications. The regional commissioner may elect to include as one of the panelists a State education agency official. He would not rate those from his State.

Mr. **Flood**. Does he make a practice of doing that?

Mr. **Goldberg**. There are some who do that. Many States are sending representatives to all of our meetings and sitting in as information helpers to the non-Federal panels.

Dr. **Ottina**. I might add that Mr. Goldberg testified that is a national program. It is. However, the state allocations reserve in essence an amount which has first of all a State competition so that the State of Iowa would compete only with, first of all, other projects from the State of Iowa. After a certain amount of time, if the total resources for that State are not used, they may be allocated to other States that have a need.

EDUCATIONAL PARKS

Mr. **Flood**. Under special projects in your justification you indicate the grants will be awarded to pay all or part of the costs for planning and construction of education parks. Tell us what those parks look like. What is the total cost of this?

Mr. **Goldberg**. Mr. Chairman, we do not feel with the amount of money available we can do more than help selected school districts with their planning for educational parks.

Mr. **Flood**. What is an educational park?

Mr. **Goldberg**. That is a device that has been recommended by a number of school administrators whereby a number of students from smaller educational units go to school together on a common campus. These may be for children of varying age ranges, preschool, elementary, junior and senior high school, and perhaps in some cases 13 and 14 years of education. But for the purposes of this bill only secondary school-aged children are eligible. That would mean the State's definition of secondary usually junior and senior high schools—grades 7 through 12. The amount of money available would indicate that the demographic studies, educational planning, administrative arrangements that might be needed could form part of the planning process. We do not envision that site selection, soil testing, boring for site selection for proper decisions as to whether it is the right physical site, employment even of architects for preliminary drawings—we do not envision they will be permissible.

There is not enough opportunity for this at this time.

Mr. **Flood**. What is the total cost?

Mr. **Goldberg**. Depending on the size of the park, one might envision that the entire amount available could be consumed by one park. We hope that we can provide planning projects for five or six.

Mr. **Flood**. You use the plural, parks. I want to know, since you say parks, what is the total cost for the whole show?

Mr. **Goldberg**. Five percent set aside of metropolitan projects of $227.6 million, which would indicate it would be about $11 million. There are three parts to Metro: Inter-district transfers, standard metropolitan areas and educational parks. The bill does not set aside—the statute does not set aside a specific percentage of that total $11 million but one would envision, depending on how many applications we get for standard metropolitan statistical areas or district transfers, perhaps 3, 4 or 5 of the 11 would be the total amount available to the Nation for planning of these parks.

Mr. FLOOD. Nothing for bricks and mortar?

Mr. GOLDBERG. Absolutely nothing.

BILINGUAL EDUCATION PROJECTS

Mr. FLOOD. On bilingual education projects under the Emergency Education Act, is this program being funded by the same criteria as the bilingual projects authorized by the Elementary and Secondary Education Act?

Mr. GOLDBERG. No, sir. The basic eligibility for filing an application under this program requires that the bilingual, bicultural projects for children be in a setting that would have reduced or eliminated racial isolation or isolation because of national origin or use of dominant language other than English. In other words, grants specifically to school districts that still retain children of a particular language background other than English in one building without opportunity for intercultural relationships with other children of different backgrounds would not be an eligible project.

Mr. FLOOD. How do you avoid overlap between the two projects?

Mr. GOLDBERG. We have assiduously avoided overlapping by being certain not to add expertise to our staff that would duplicate the bilingual staff of title VII of the Elementary and Secondary Education Act.

Dr. OTTINA. In addition to meeting the criteria that Dr. Goldberg pointed out, we would look at it from a programmatic point of view. What bilingually or culturally would be going on in the title VII staff would be involved in looking at that since they know what the title VII programs are and would be reviewing there, these programs as well, and they can see if there is overlap or not.

Mr. GOLDBERG. We would expect to award some 60 grants to local school systems in the program and 12 to nonlocal agencies that would, upon request of the school district, assist in developing curriculum materials in the language dominant in that section of the Nation.

MINORITY GROUP ISOLATION

Mr. FLOOD. The largest part of this appropriation is for what you call "general grants to local educational agencies." You say 59 percent of these funds are directed to the needs resulting from "minority group isolation." How do you tell when a school district is in a condition of "minority group isolation"?

Mr. GOLDBERG. The annual report submitted to the Office of Civil Rights by the school districts of this Nation would yield that data. There are data in Washington which would indicate the condition as of the previous school year of racial isolation, building by building. If a school district wished to apply under the basic grant of this larger section of this bill for aid to meet the needs that they identify, they would have to state how they were going to go about preventing further isolation or eliminating or reducing present isolation. Then they would select from the 12 separate activities that the statute sets forth, those that they feel will meet their needs starting with basic instruction, reading, mathematics and remedial instruction and going through such additional services that they feel would help reduce tension, one of the prime concerns of this program. After the desegregation act is completed, tensions could yet remain. Specialized personnel working with parents, working with the community and with the students themselves, could assist, we feel, in making desegregation a more viable program into integration. The basic part of the money, largest part would be allocated to those districts that had the greatest impaction of racial minorities and wanted to do something about it or were under court order to do something about it.

ACTIVITIES UNDER TITLE IV OF THE CIVIL RIGHTS ACT

Mr. **Flood.** You are proposing to fund training and advisory services under title IV of the Civil Rights Act; what is the relationship between title IV and the Emergency School Aid Act?

Mr. **Goldberg.** There are three basic parts to the Civil Rights Act, title IV. The first part, section 403, that pertains to our program, makes available grants to nonprofit organizations, including colleges and universities, to set up consulting desegregation centers. These centers would offer their services to school districts with shortages of qualified personnel, or other reasons, where the districts feel they needed the services of the universities to assist them with their board of education, perhaps with other forces present in the community, would help recognize that there were concerns and dynamics that needed attention and to have university personnel assist school and perhaps municipal authorities in finding out how they could tackle the problem. That is section 403.

Section 404 has to do with universities that wish to conduct short term institutes, perhaps summer sessions for school board members, superintendents, assistant superintendents, principals, supervisors, teachers. The participants would come together in the location of the district or on the university campus, and with the help of qualified consultants dig into the problems, tell how they feel about the issues, and get out some of the tensions within the decisionmakers themselves so that they can help others. This would be paid for through grants to universities to conduct these short term training institutes.

The last one, section 405, has to do with direct grants to school systems to employ advisory specialists. These would be staff members who would work closely with the superintendent to develop plans, desegregate, and to help within the school district, within the tension-reduction area.

This last section, 405, is the one Mr. Mattheis mentioned in his opening statement that would be deemphasized since those activities would be eligible under ESA under the 12 basics. The universities, institutes and desegregation centers need the title IV help.

Mr. **Flood.** Mr. Shriver?

Mr. **Shriver.** Thank you, Mr. Chairman.

NUMBER OF SCHOOL DISTRICTS AIDED

How many school districts received help under this program in 1972?

Mr. **Goldberg.** 409 were funded through January 1972. This was under the old program, emergency school assistance program II.

Mr. **Shriver.** So far this year?

Mr. Goldberg. So far this year, 204 of these so-called ESAP districts found they were able to extend their projects beyond January 31 without additional funds. This would be 204 plus 47 that were funded in batch 1 of the new program. That would be 251. Those are school districts. Nonprofit groups would be in addition.

Mr. Shriver. A variety of types of projects are included?

Mr. Goldberg. This would be the basic grants that the chairman asked about.

Mr. Mattheis. The projects vary from one school district to another. As we have indicated, we have encouraged them to concentrate their funds on the basic instructional areas in these programs.

EXAMPLES OF PROJECTS

Mr. Shriver. What would those projects be like?

Mr. Goldberg. There would be special reading programs in the desegregated setting. There would be additional elementary, junior and senior high school guidance counselors to work with the individual children in addition to help in crisis prevention in school systems where tensions might be mounting where they could get select groups of students of all backgrounds to talk out some of the issues that seem to be festering in the school. There would be school parent visitors for the neighborhood where the tensions seem to be arising among parent groups in greater measure than among student groups and where personnel is needed to be available not just during the schoolday but in addition to the schoolday of 8:30 to 4, when the traditional social workers on duty which are provided in some districts for personnel that might perhaps come on duty at 12 noon and work to 9 o'clock at night since a lot of the action was in the community and needed to be available during summer and evening hours to work with individual parents.

You would also have a series of curriculum workshops where teachers would have to find new ways of working with children of diferent backgrounds in the same classroom where prior experience might have been all one way or the other, teaching in the heart of the ghetto or in the outer city or suburban districts with fewer of these dynamics. And then if they elect to work in an integrated school setting, they need to have that additional help in meeting the needs of the wider range of abilities within that school building. The variety would be very great.

Mr. Shriver. Would it include such things as additional people to keep discipline in the school? Police, for instance?

Mr. Goldberg. The reference to reducing tensions would normally not include the additional personnel that might more rightfully be funded under LEAA, Law Enforcement Assistance Act. The experience I have had in the local school systems indicates that that type of personnel working closely with the municipal police department came more rightfully under LEAA than under emergency school aid.

Mr. Shriver. Except that is true of States where they allocate the funds. This program goes directly to the school districts?

Mr. Goldberg. Yes. Normally these would be for school instructional-related activities and not for quasi-police enforcement. One would envision an application coming to our regional office might include some auxiliary personnel that would be getting at student tensions and how to reduce them, but not normally in the law enforcement mode. More in the preventive mode than in the instructional mode.

EVALUATION PROJECTS

Mr. **Shriver.** In your justifications you mentioned some evaluation projects in fiscal year 1973 and you mentioned a longitudinal evaluation of the Emergency Aid Act pilot programs. What do you mean by such evaluations?

Mr. **Goldberg.** Evaluations tell us more about the benefits of the program if they are not short lived and that they extend through a significant number of years. Since this program has a 2-year life and since many of the students will be in the same setting, we trust after the 2 years the longitudinal approach used by the Department of Evaluation included the suggestion that the study be of 3-year duration and they begin to look at the kinds of measures that come from principals, teachers, and students in their perception of how (a) the student is getting along, and (b) whether students who are desegregated in the classrooms continue to segregate themselves when they get to the school cafeteria or whether they form new friendships and different cluster groups in recreation activities as well as lunch activities, whether teachers of different backgrounds are getting along better in the newly desegregated schools, the evaluation project wants to look at this over a 3-year period. They are interested in how well the instruction in reading and math paid off, guidance counseling, training sessions for teachers. These are some of the basic things that the contractor is looking at in our evaluation department.

Dr. **Ottina.** This does say in 1973 we have not awarded the evaluation proposals. They are in process now.

Mr. **Shriver.** I was about to ask if we had any results yet.

Mr. **Goldberg.** The results of the earlier ESAP program do indicate in the opinion of those surveyed, yes, more interracial friendships have been noticed. There has been a reduction of tension although there can be variations in that due to local intermittent flareups. We are looking at the results of that earlier evaluation. The results should come earlier. We are grateful for them when they do come, but the surveys are expansive and we will profit from those as we move in the next program.

TYPES OF CONTRACTORS PROVIDING EVALUATION

Mr. **Shriver.** What kind of contractor would this be? What kind of concern would be conducting the evaluation?

Mr. **Goldberg.** The last one we had in the emergency school assistance program II was awarded to NORC, Chicago, National Opinion Research Council, and the staff there selected 600 districts.

Mr. **Rock.** The concerns would be fairly large, with rather extensive capability, because the studies, as was indicated, involve development of instrumentation, utilization of control groups, and various other things. These are fairly large contracts for very large-scale survey evaluations.

EDUCATIONAL TELEVISION PROJECTS

Mr. **Shriver.** You mentioned integrated children's television projects are anticipated in this budget. Tell us something about that.

Mr. **Goldberg.** Once again, as in bilingual, bicultural education, our staff retained the administration of all the set-aside but not duplicating the expertise of other branches of the Office of Education. We jointly teamed with the educational technology staff under the leadership of the Associate Commissioner, Robert Filep, to assist them in planning the regulations for the integrated educational television projects. It is envisioned that a series of requests or proposals will go out to interested production centers, TV production centers, perhaps university production centers, with sophisticated enough staff and equipment to produce a series of children's programs and programs that involve the parents of these children, sufficiently sophisticated series that would go out on national nonprofit television in order to help parents understand the values of reducing racial isolation. Some of these programs would be directly related to parent attitudes, some to children's understanding of each other's background. There would be hopefully greater appreciation of all children for the language and the customs and the background and history of children from Spanish-speaking countries, Portgual—other parts of the world. The cognitive or learning aspects of it would be enhanced by programs that would have instructional modes. How people feel about each other and about themselves would be a second major theme of these television programs. We are all very interested in seeing if we can get tension reduced among the adults to see if they can help the children get to school and stay in school in a more relaxed atmosphere in the desegregated setting.

Mr. **Shriver.** Thank you.

Mr. **Flood.** Mr. Patten?

FUNDING OF COMMUNITY GROUPS

Mr. **Patten.** Thank you, Mr. Chairman.

You mentioned 11 community groups have been funded. Do we have any breakdown of how those community groups spent their money? Does it go for lawyer fees?

Mr. **Goldberg.** I can supply for the record the breakdown. In general, those community groups do two major things: One, they provide supplemental remedial services to those school district offices. That has to do with lighted schoolhouses, evening tutoring centers, where funds are available for teachers, sometimes youth teaching youth, older ones in the city teaching youth, or other volunteers, sometimes paid high-school youth tutoring inner-city elementary school youth in these after-school lighted schoolhouses.

The second major area of use of these funds would be in support of the school districts' desegregation activity and working with parents in the community, getting acceptance of the plan. Those are the two major ones. I can supply for the record a breakdown of the various categories, which would include art and cultural activities related to interracial experiences, after school and weekend activities, which community groups often support.

[The information follows:]

CATEGORIES OF SUPPORT PROVIDED BY COMMUNITY GROUPS

A wide range of activities are undertaken by community groups to support school district efforts to combat minority group isolation and the effects thereof. These interracial activities include rumor control centers, tutoring, recreational activities, career orientation, dropout prevention, and cultural enrichment. (A list of nonprofit organizations funded under "Batch 1" of the Emergency School Aid Act follows.)

NONPROFIT ORGANIZATIONS—FUNDED UNDER BATCH I OF ESAA

Indianapolis Urban League -- $73,000

PROGRAM AREAS

Community information programs.
Cultural enrichment activities.
Interracial educational enrichement programs.

BUDGET CATEGORIES

Employee salaries.
Employee fringe benefits.
Travel and per diem.
Facilities rental.
Equipment purchase.
Other:
    Newsletter.
    Film rental.
    Bookkeeping.

Memphis Panel of American Women -------------------------------- $12,165

PROGRAM AREAS

Community information programs.

BUDGET CATEGORIES

Employee salaries.
Employee fringe benefits.
Travel and per diem.
Facilities rental.
Publication purchase.
Subscriptions.
Publication and advertising.
Two weekend training sessions.

Tulsa Urban League --- $52,000

PROGRAM AREAS

Community information programs.
Home-focused programs.
Cultural enrichment activities.
Interracial social and recreation programs.
Career orientation programs.
Dropout prevention programs.

BUDGET CATEGORIES

Salaries and fringe benefits.
Travel and per diem.
Facilities rental.
Other:
    Community, youth, and model cities.
    Orientation workshop.

Greater Dallas Community Relations ---------------------------- $112,041

PROGRAM AREAS

Community information programs.
Cultural enrichment activities.
Intrracial social and recreation programs.
Interracial educational and enrichment programs.

BUDGET CATEGORIES

Employee salaries.
Employee fringe benefits.
Travel and per diem.
Facilities rental.
Equipment purchase.
Contracted services.
Other Costs:
    Educational Materials—printing, reproduction, and mailing.
    Program for community parent coordinator.
    Program for community youth coordinator.

Lake Taylor Community Project ---------------------------- $48,509

PROGRAM AREAS

Community information programs.
Cultural enrichment activities.
Interracial social and recreational programs.
Dropout prevention program.
Supplemental remedial services.

BUDGET CATEGORIES

Salaries.
Employee fringe benefits.
Travel and per diem.
Facilities rental.
Other costs:
    Tutors, bus monitors, speakers.

Portsmouth ESAA Community Group ---------------------------- $52,440

PROGRAM AREAS

Community information programs.
Cultural enrichment activities.
Interracial educational enrichment programs.

BUDGET CATEGORIES

Salaries.
Fringe benefits.
Facilities rental.
Equipment purchase.
Contracted services.
Other costs:
    Rental of air conditioners, typewriter, and film.

Alabama A. and M. University ---------------------------- $104,098

PROGRAM AREAS

Community information programs.
Home-focused programs.
Cultural enrichment.
Interracial educational enrichment programs.

PROGRAM AREAS

Dropout prevention programs.
Supplemental services.

Alabama A. and M. University—Continued

BUDGET CATEGORIES

- Employee salaries.
- Fringe benefits.
- Facilities rental.
- Equipment purchase.
- Contracted services.
- Other costs:
  - Admissions to cultural events, museums, field trips

Mexican-American Education Council ---------- $115,000

PROGRAM AREAS

- Community information programs.
- Cultural enrichment.
- Interracial educational programs.
- Career orientation activities.
- Dropout prevention.
- Supplemental services.

BUDGET CATEGORIES

- Salaries.
- Fringe benefits.
- Travel and per diem.
- Facilities rental.
- Equipment purchase.
- Other:
  - Overhead, telephone

Clark College ---------- $71,444

PROGRAM AREAS

- Community information programs.
- Interracial educational enrichment program.
- Dropout prevention.
- Other:
  - Atlanta Coalition on Education.

BUDGET CATEGORIES

- Salaries.
- Fringe benefits.
- Other costs:
  - Overhead costs.

California call to Conscience and Onward Center ---------- $48,523

PROGRAM AREAS

- Community information programs.
- Career orientation activities.
- Supplemental services.

BUDGET CATEGORIES

- Salaries.
- Fringe benefits.
- Travel and per diem.
- Facilities rental.
- Contracted services.
- Other:
  - Field trips, overhead, maintenance, public relations.

Houston Metropolitan Ministries ---------- $122,890

PROGRAM AREAS

- Community information programs.
- Home-focused programs.
- Dropout prevention programs.
- Interracial educational enrichment programs.
- Cultural enrichment activities.

Houston Metropolitan Ministries—Continued

PROGRAM AREAS—continued

Other:
  Leadership development.
  Team building.
  Conflict management.
  Advocacy programs.
  Crisis prevention.

BUDGET CATEGORIES

Employee salaries.
Employee fringe benefits.
Travel and per diem.
Facilities rental.
Equipment purchase.
Other: Research evaluation.
Program costs, materials, stamp, telephone.

Gainsville Women for Equal Rights---------------------------------- $72,528

PROGRAM AREAS

Community information programs.
Home focused programs.
Cultural enrichment activities.
Interracial social and recreational programs.
Interracial educational enrichment programs.
Other: Parent involvement in school-related activities and developing home/school relationships.

BUDGET CATEGORIES

Employees salaries.
Employee fringe benefits.
Travel and per diem.
Equipment purchase.
Contracted services audit—bookkeeping.
Other: Phone.
Center program supplies.
Summer program five schools.
Liability insurance.
Want ads.
Office supplies.

Dallas Urban League-- $67,011

PROGRAM AREAS

Community information programs.
Interracial education enrichment programs.

BUDGET CATEGORIES

Employee salaries.
Employee fringe benefits.
Travel and per diem.
Facilities rental.
Equipment purchase.
Other: Consultant services—program evaluation and development.
Telephone.
Postage.
Printing and reproduction.
Reimbursable cost.

Urban League of Greater Little Rock---------------------------------- $65,952

PROGRAM AREAS

Community information programs.
Home focused programs.
Cultural enrichment activities.
Interracial social and recreational programs.
Interracial education enrichment programs.
Dropout prevention programs.
Other: Parent Human Relations Workshops.

Urban League of Greater Little Rock—Continued

BUDGET CATEGORIES

- Employee salaries.
- Employee fringe benefits.
- Travel and per diem.
- Facilities rental.
- Equipment purchase.
- Other: Office supplies and materials.
- Postage.
- Program costs.
- Supplies.
- Nutritional supplements.
- Books and printing.
- Panel of American women (green circle and followup kits).
- Telephones.

Sonora Childhood Development Center ---------- $100,000

PROGRAM AREAS

- Other: Early Childhood Development.

- Salaries.
- Fringe benefits.
- Travel and per diem.
- Facilities rental.
- Other: Building alteration to meet State requirements.

BUDGET CATEGORIES

Blue Ridge ETV ---------- $47, 557

PROGRAM AREAS

- Community information programs.

BUDGET CATEGORIES

- Salaries.
- Fringe benefits.
- Other:
  - Tape costs, studio costs, in film and processing.
  - Set construction, promotion, transmission costs.
  - Overhead.

Memphis Urban League ---------- $83, 001

PROGRAM AREAS

- Community information programs.
- Interracial educational enrichment programs.

BUDGET CATEGORIES

- Employee salaries.
- Employee fringe benefits.
- Travel and per diem.
- Facilities rental.
- Equipment purchase.
- Other: Administrative overhead.

WJCT Community TV, Jacksonville, Fla ---------- $78, [illegible]

PROGRAM AREAS

- Community information programs.
- Cultural enrichment activities.
- Interracial educational enrichment programs.
- Career orientation activities.

WJCT Community TV, Jacksonville, Fla.—Continued

BUDGET CATEGORIES

Employee salaries.
Employee fringe benefits.
Travel and per diem.
Facilities rental.
Contracted services.
Other:
  Film stock.
  Film processing.
  Video tape.
  Record library.
  Resource interracial.
  Promotion (handbills newspaper ads).
  Audio tape.
  Indirect costs (telephone and utilities).

Harrison County Community Action Agency, Gulfport, Miss.......... $71,683

PROGRAM AREAS

Community information programs.

BUDGET CATEGORIES

Employee salaries.
Employee fringe benefits.
Travel and per diem.
Facilities rental.
Equipment purchase.
Other:
  Telephone.
  Printing and publication.
  Food service.
  Office supplies.
  Audit fee.
  Advertisement.

Greenville County Community Action Agency, Greenville, Miss.......... $31,976

PROGRAM AREAS

Community information programs.
Dropout prevention programs.

BUDGET CATEGORIES

Employee salaries.
Employee fringe benefits.
Travel and per diem.
Facilities rental.
Equipment purchase.

Pontiac Area Urban League, Pontiac, Mich.......................... $150,000

PROGRAM AREAS

Community information programs.
Cultural enrichment activities.
Interracial social and recreational programs.
Career orientation activities.

BUDGET CATEGORIES

Employee salaries.
Employee fringe benefits.
Travel and per diem.
Equipment purchase.
Contracted services.

Pontiac Area Urban League, Pontiac, Mich.—Continued
- Other:
  - Office supplies and materials.
  - Printing.
  - Telephone.
  - Postage.
  - Project activities.
  - Mini-encampment and youth community.
  - Career orientation.
  - Ethnic center project.
  - Children's theater workshop.
  - Dissemination of information.
  - Advisory Committee program development.
  - Staff development.

Southern Mutual Help Association, Inc.—Abbeville, La	$40, 000

PROGRAM AREAS

- Cultural enrichment activities.
- Interracial social and recreational programs.
- Interracial education enrichment programs.

BUDGET CATEGORIES

- Employee salaries.
- Employee fringe benefits.
- Travel and per diem.
- Facilities rental.
- Contracted services.
- Other:
  - Consumables.
  - Phone.
  - Indirect costs.

LeMogne Community Action, Inc.—Plaguemine, La	$50, 000

PROGRAM AREAS

- Home-focused programs (preschool parental training program).
- Cultural enrichment activities.
- Other: Parental and student involvement in dialog and interaction session's program.

BUDGET CATEGORIES

- Employee salaries.
- Employee fringe benefits.
- Travel and per diem.
- Facilities rental.
- Equipment purchase.
- Contracted services.
- Other costs:
  - Travel and other expenses (babysitting) incurred by parents.
  - Travel expenses incurred by students.

Lafayette Natural History Museum—Lafayette, La	$45, 000

PROGRAM AREAS

- Community information programs.
- Cultural enrichment activities.
- Interracial social and recreational programs.
- Interracial education enrichment programs.

BUDGET CATEGORIES

- Employee salaries.
- Employee fringe benefits.
- Travel and per diem.
- Equipment purchase.
- Contracted services.
- Other costs: Materials and supplies.

Board of Christian Education, Lewis Temple C.M.B.—Lincoln, La---- $60,000

PROGRAM AREAS

Community information programs.
Cultural enrichment activities.
Interracial social and recreational programs.
Interracial educational enrichment programs.
Dropout prevention programs.
Other: Skilled personnel training in human relations skills.

BUDGET CATEGORIES

Employee salaries.
Employee fringe benefits.
Travel and per diem.
Other costs: Student workers and tutors, consultants, counselors, biweekly newsletter, incentive pay for parents, recreation supervisor, transporting handicapped children, entertainment, telephone, office supplies and materials.

Chatham Council on Human Relations-------------------------------- $134,964

PROGRAM AREAS

Community information programs.
Cultural enrichment activity.
Interracial educational enrichment programs.

BUDGET CATEGORIES

Employee salaries.
Employee fringe benefits.
Travel and per diem.
Facilities rental.
Equipment purchase.
Contract services.
Other costs: Instructional materials, telephone, printing, art materials, music supplies.

Pearl River Valley Opportunity, Inc---------------------------------- $51,767

PROGRAM AREAS

Cultural enrichment programs.
Interracial and recreational program.
Supplemental remedial services.

BUDGET CATEGORIES

Employee salaries.
Employee fringe benefits.
Travel and per diem.
Facilities rental.
Equipment purchase.
Other costs: Supplies, instructional materials tests (diagnostic and achievement).

Columbia Urban League-- $67,855

PROGRAM AREAS

Community information programs.
Home focused programs.
Dropout prevention programs.
Supplemental remedial.

BUDGET CATEGORIES

Employee salaries.
Employee fringe benefits.
Travel and per diem.
Other costs: Postage—workshops—supplies, printing and duplication, telephone.

Midland Community Action Agency	$64, 261

PROGRAM AREAS

Community information programs.
Cultural enrichment activities.
Interracial and recreational program.
Supplemental remedial services.

BUDGET CATEGORIES

Employee salaries.
Employee fringe benefits.
Travel and per diem.
Contracted services.

TIMING OF AWARDS FOR EVALUATION PROJECTS

Mr. Patten. Do you intend to award the 10 contracts for evaluation in the current year?

Mr. Goldberg. To my knowledge, yes.

Dr. Ottina. We are presently inviting proposals, or will be awarding them shortly.

Mr. Patten. This is a lot of money, $270 million. One of your oversights would be on management itself; right?

Mr. Goldberg. Yes, sir.

Mr. Patten. As of now you have nothing to tell us about the money you spent for evaluation in 1972. We cannot get a feel for what the researchers or evaluators thought of whether this money was being well spent.

Mr. Goldberg. Within a very short while the Department of Evaluation of the Office of Education will be presenting to Congress in its annual report both results of the B. & C. Corp., that evaluated ESAP I in the school year 1970–71, and NORC, National Opinion Research Council, that did a portion of the second year's program. Those two should be coming along very soon. The general feel, I think, could be summarized in the same words I used a few minutes ago regarding how the participants, principals, teachers, students feel about what has happened in the schools as a result of the availability of these funds. In general, I think those results are positive. I think again more friendships and less tension, more understanding of each other's background would be the keynote of the evaluation with some problems yet remaining. One of our major areas that needs a second look is how we can find out more about teacher training. I guess it all depends on who the trainers are and the setting in which that takes place and the receptivity of the teachers to the training that is offered. Evaluation studies did raise some questions about teacher education. We think we need more answers than that preliminary study has indicated. I hope the second year study of NORC will give us more light on that. The third one, further light.

MANAGEMENT STUDIES

Dr. Rock. Mr. Chairman, there have been a number of studies of management of emergency school assistance. The Senate Select Committee on Equal Education Opportunities requested one by the GAO to do a study 2 years ago. The Washington research project did a study as well. As a result of those studies some severe criticism of the management of the emergency school program was made. The recommendations made in those studies were taken very seriously and a very strong management system was implemented in emergency school assistance program II. This management program was found much more acceptable by the Senate committee and that kind of very strong management with very tight quantified criteria has been carried through into this program. We do have some past studies both of management and program types that are being used to guide us in this larger program.

LEVEL OF FUNDING FOR SOUTHERN STATES

Mr. **Patten.** Dr. Rock, off the top of your head, how much of this money went to the 17 States in the South? Ninety percent? One hundred percent?

Dr. **Ottina.** Of the ESAP I and II or the one we are presently talking about?

Mr. **Patten.** Of the $270 million we are calling emergency school assistance.

Dr. **Rock.** Most of those funds have not been obligated. We have a very large group of applications.

Mr. **Patten.** That raises a question. Based on how much you gave away so far, I wondered how you are going to give away 10 times as much in the next month or two.

Dr. **Rock.** We believe that most of the districts have needed more time. Many of them are coming in in the batch of applications that are now before us. We expect probably even a larger batch in May. This is because the act is very complex and the school districts are planning to implement programs in September. We know most of the requests for funds are just now coming in. In relation to your question of North and South, in the second batch of applications, we find again because of the need in the 17 Southern and border States, this is still our heaviest source of applications. On the other hand, there are a number of Northern States we expect will probably use up their State allocations. For example, in Michigan it appears competition is going to be quite heavy and there may possibly be a need to reallocate funds into this State. We are getting quite a few applications from the New York–New Jersey region where there has been a good deal of desegregation. I don't have any analysis at this point whether both of those States will use up all their funds but it is very possible, particularly in New Jersey.

We are also getting quite a bit of action from California and Washington on the west coast. I think it is a little early. A lot of districts needed time. We find in California some districts are now moving with voluntary plans since funds are available, but they do not make this decision quickly. Some of them are still in the process of making it. While the need is still greatest in the South, and it is greatest in the South because that is where the most desegregation is taking place, it does seem certain States in the North have considerable need. On the other hand, from some States such as Maine, we don't really expect any applications. We know of no desegregation plans in that State.

DISTRIBUTION OF FUNDS IS CONTROLLED BY FORMULA

Dr. **Ottina.** I am sure that you are aware 82 percent of the funds are controlled by State formula. So the 17 Southern States would receive under formula what they are entitled to, and first they would be competitive within the State before other distribution of those funds.

Dr. **Rock.** We will not reallocate until the last possible moment. Our plans now are that reallocation would probably take place in mid June. That is within 2 weeks of the time that our authority expires. We want to be sure that it is used where it is intended.

Mr. **Patten.** I remember the debate on the House floor on this and I believe we voted on this 15 times. We had a fellow run for Senator for Illinois and he used to offer the bill and on November 1 we passed the bill. They threw it in the basket in the Senate, and November 4 he added this $2.5 million to our Higher Education Act. I voted against it and my opponent used that in his ads against me.

Mr. **Flood.** Mr. Robinson.

SCHOOL DISTRICTS UNDER COURT ORDERS

Mr. **Robinson.** Thank you, Mr. Chairman.

On page 1, under the background paragraph there is a sentence which reads: "From these school districts, in increasing numbers, came requests, pleas, and occasional demands for assistance in meeting the many problems incident to the disestablishment of dual school systems."

This refers back to 1969 and 1970 when a greater number of individual school districts were brought under court order.

This is the last instance that I find in either the statement or the justifications with reference to the court orders that are now of concern to us. What is the situation at the moment with regard to court orders?

Mr. **Goldberg.** Court orders are coming in various places and various dimensions. Some Federal judges are asking for school districts to desegregate perhaps 25 percent of the way. Some are asking for specs that come closer to the *Swann* decision, that you need to eliminate dual school systems but if there are a few one-race schools or virtually one-race schools left over, it is not an absolute requirement that every school reach a certain level of integration. It is being interpreted in different places in the country in different ways. In some cases judges are asking for the plaintiffs and the defendants to try to reach agreement in chambers and to bring a plan to the judge that is acceptable to both sides. That may be a far greater reduction in what the plaintiffs originally may have wanted or the defendants were ready to produce. So we have this wide range of action. Some are moving quickly and some are waiting a great many months. Others often unexpressed but believed by attorneys that they are awaiting future decisions of the Supreme Court before other judges will move on actions that are pending.

Mr. **Robinson.** Specifically I wanted my question to refer to the number of court orders that we are now concerned with as compared to what you described as the increasing numbers in 1969 and 1970. Has there been a leveling off or significant change in this respect?

Mr. **Goldberg.** The exact numbers I will procure for the record, both from the Justice Department and the Office of Civil Rights. Our office does not keep a record of those. It is possible for a school district to be under court order and not apply for funds. In the Office of Education our way of determining the answer to your question would be to seek information from the records of those who would be applying, and by the end of batch 3 we will all have that for this semester. In no way would that be as accurate as checking in the entire country. If you had the court order and would——

Mr. ROBINSON. I would think it would be indicative of whether or not this matter of national concern is leveling off.

[The information follows:]

DESEGREGATION COURT ORDERS

The following numbers of school districts implemented final court-ordered desegregation plans in the years indicated:

Year:	*Number of districts implementing final court orders*
1968	13
1969	144
1970	289
1971	50
1972	26

During 1968, 1969, and 1970 most school litigation involved only so-called "de jure" districts. Such school districts were located mainly in Southern States where State laws had required dual school systems. These laws have now been largely eliminated.

Since 1970 the courts have dealt mainly with districts maintaining so-called "de facto" segregation. Very few final court orders have been handed down on "de facto" cases because the lower courts are awaiting Supreme Court decisions on cases involving Richmond, Denver, and Detroit. Rulings on these cases will serve as guidelines for final orders on cases now pending in the lower courts.

DE JURE SEGREGATION

Mr. GOLDBERG. We feel it is going up, and I think the way of looking at it would be to indicate in the second batch of applications we have received, we have gone up in all parts of the country.

In addition to that, a number of districts that had the feeling they were operating under a demographic change of residence and, therefore, perhaps a de facto type of school isolation, are discovering that certain justices are saying "No," and they are saying, "We find evidence of de jure segregation." So, some will be involved when they did not think they were involved.

That number is growing, too. For example, in Atlanta we jumped from 185 applications in batch 1 to 198 in batch 2. In the New York region covering New York-New Jersey, from 2 applications to 35. In the Midwest, the Chicago region, which includes the heavily populated States of Ohio, Indiana, Wisconsin, Michigan, et cetera, from 15 applications to 45. Kansas City, from zero to six. San Francisco, from 6 to 13.

The total in the Nation, 336 applications in batch No. 1, to 475 in batch No. 2. We have reason to believe that batch No. 3 will be the heaviest of all. That is due on May 2.

ADDITIONAL PARTICIPATION IN THE PROGRAM

Mr. Robinson. What concerns me is that for the first time we are dealing with a situation which not only has to do with the process of eliminating and preventing minority group isolation, but also with improving the quality of education for all children. This makes a significant difference.

I am wondering how many are just dipping into this new till that is available, due to the fact that you have three times as much money available under this program as you had just 2 years ago.

Mr. Goldberg. Three times as much money for 50 States puts at a disadvantage the 17 States that had the $75 million all to themselves the last 2 years. They are finding that their State allotments are less.

For example, the State of Florida had a far greater amount of money available to under the smaller $75 million program than under the present $271 million program.

Mr. Robinson. If I may say so, I think the 17 States that you had on the list originally probably need less money than they did at that time because they have gone further down the road to desegregation than some of the States not immediately involved in the program.

Mr. Goldberg. In many cases, we think that is true, and our needs assessment and grants officers are attempting to help some districts to that realization.

Mr. Rock. In addition, last summer there was a very large number of court orders, and these were not solved. For example, in Pontiac and San Francisco, there was very large desegregation. It involved a great deal more transportation. This year there has been a reduction. I do not have the exact number. It might be as few as 20. Some of these are very large.

Prince Georges County involves 34,000 children. Another is Memphis.

There are a number of cases pending in the North. Of course, the *Denver* decision is going to the Supreme Court, as is the case of *Richmond*. We do not know what the outcome of these cases will be, but these cases have a major effect in the North.

PLANS CONCERNING BUSING ACROSS POLITICAL BOUNDARIES

Mr. Robinson. This was to be my next question. Representing Virginia, of course I am concerned about Richmond, which is one which involves busing children across political boundaries. That was a problem you did not have to deal with before.

I am wondering what plans, if any, you have made with respect to dealing with this situation if it becomes necessary to accomplish this.

Mr. Rock. I think this is one reason the appropriation request at this time is at the level it is. Depending on the kind of decision in Richmond or Detroit, at that time we would have to evaluate the impact.

Mr. Robinson. Do you mean, then, that the money to assist in situations like that is or is not included in this budget? For example, if the Supreme Court can knock down the *Mehrige* decision, which is the one involved in Richmond, then we could cut the budget some? Is that a fact?

Mr. Goldberg. No.

Mr. Rock. This would obviously be a major move, and we would have funds available to fund them. It would mean other districts in Virginia probably would not be able to be funded, and there would not be enough money to fund them all.

For example, Norfolk and Roanoke are two districts right now whose applications we have approved for funding.

Mr. Goldberg. Norfolk, $947,000.

Mr. Rock. Roanoke will probably be funded in this batch. Virginia will use up its money and will not have enough to go around.

So, it is not only what we do in Richmond or Denver or Detroit specifically, but this might bring another wave of desegregation cases throughout the North which might escalate the need greatly in the Northern States. We cannot predict that that will happen.

LARGE BALANCE OF UNOBLIGATED FUNDS

Mr. Robinson. Does this uncertainty have a bearing, going back to Mr. Patten's question, that you still have a lot of your money left over at the present time in terms of what you have allocated for fiscal year 1973?

Mr. Rock. No.

Mr. Robinson. You have made 51 awards totaling $2.5 million to date, and have a balance of title IV funds expected to carry over—this does not pertain to this in any way.

Mr. Goldberg. No. That is the next one.

Dr. Ottina. This is part of the $271 million, but not the total. This represents approximately $21.7 million of the $271 million. The remaining amount is the programs that we have been describing under the Emergency School Aid Act, and that is $228 million.

Mr. Robinson. It does seem unusual to me at this late point in the year, this highly significant part of the money would still be unobligated. I imagine the people out in the areas would like to know whether or not they are going to get it.

Dr. Ottina. Just for the record, we will obligate all the money before the 30th of June.

Mr. Robinson. Your statement so says, and I accept that.

DESCRIPTION OF NONPROFIT COMMUNITY GROUPS

I am concerned about what are referred to as nonprofit community groups. What is a nonprofit community group that is eligible for a grant under this?

Mr. Goldberg. It could be the chamber of commerce of the community, the junior chamber of commerce, the Panel of American Women, the local branch of the Urban League, the NAACP, the Hispano-American League—any group——

Mr. Robinson. Do you have these nonprofit community groups categorized in any way whatsoever except by name of the group?

Mr. Goldberg. Some are traditional civil rights groups. Some are community improvement groups.

Mr. Robinson. Then you do have them categorized in this respect?

Mr. Goldberg. I have just labeled them as clusters. We have not added them up that way. Some of them would be hard to characterize.

The common element that runs through all of them in the statute and by statutory provision is that they must be in support of the district's desegregation effort. That is the common element that runs through all of them.

Mr. **Robinson**. I would like to see such a categorization with regard to the civil rights, the normal civic organizations that you mention, like perhaps the Rotary Club, junior chambers of commerce, chambers of commerce, et cetera. Can this be accomplished for the record?

Mr. **Goldberg**. Yes, we can and we shall do that.

[The information follows:]

Categorization of Community Groups Participating in the Emergency School Assistance Program

The Emergency School Aid Act authorizes awards to "any public or private nonprofit agency, institution, or organization (other than a local education agency) to carry out programs or projects designed to support the development or implementation of a plan, program or activity described in section 706(a)", that is, to support LEA activities in combatting minority group isolation and the effects thereof. Our experience to date under the interim ESAP program indicates that such groups tend to fall into the following nine categories: quasi-governmental, civic/cultural, civil rights, colleges and universities, community action, community service centers, professional, student/youth, and television. A list of groups funded in fiscal year 1972, by category, follows:

CATEGORIES OF NONPROFIT GROUPS ESAP II

1. Governmental and quasi-governmental organizations (includes eight human relations councils, one public library, one youth commission, one parks and recreation department)

Blytheville Council on Human Relations—Arkansas.
Human Rights Commission of San Francisco—California.
Broward County Community Relations Commission of the Broward County Board of City Commissioners—Florida.
Chatham Council on Human Relations—Georgia.
Cobb County Chapter, Georgia Human Relations Council—Georgia.
Lafayette Natural History Museum and Planetarium—Louisiana.
Parks and Recreation Department—North Carolina.
Farrell Human Relations Commission—Pennsylvania.
Greater Dallas Community Relations Commission—Texas.
Dallas Public Library Department, City of Dallas—Dallas.
Hampton Youth Opportunity Commission—Virginia.
Cabell-Huntington Human Relations Council—West Virginia.

2. Civic/cultural organizations (includes local community organizations devoted to civic and community improvement or cultural enhancement such as PTA's, theater groups, community coalition groups, etc.)

Mobile Committee for the Support of Public Education—Alabama.
Wilcox County Progressive Civic League—Alabama.
Parent Teacher Association Council—Alabama.
Perry County Civic League—Alabama.
Hale County Progressive Association—Alabama.
Act Education Program—Alabama.
Dermott Concerned Citizens Enterprise, Inc.—Arkansas.
Parents for Community Schools (PCS)—California.
Goat Hill, Inc.—California.
California Call to Conscience—California.
Parents in Support of Concerned Students of Pasadena, Inc. California.
St. John Evangelist Episcopal Church—California.
Sunset-Parkside-Education and Action Committee—California.
Concerned Parents for Eatonville Youth—Florida.
Florida Human Relation Institute, Inc.—Florida.
United Clubs of Broward County, Inc.—Florida.
Afro-American Cultural Development Center, Inc.—Florida.
The teacher Welfare and Citizens Participation Division, Inc.—Georgia.
Southeastern Academy of Theatre and Music, Inc.—Georgia.
Metropolitan Atlanta Summit Leadership Congress—Georgia.

New Communities, Inc.—Georgia.
Integrand Planning Inc.—Georgia.
Community Development Committee—Georgia.
Volunteers in Service In Our Neighborhood—Illinois.
Board of Christian Education Lewis Temple C.M.E.—Louisiana.
League of Women Voters—Louisiana.
Prince George's County Committee, National Capital Area Region, The National Conference of Christians and Jews—Maryland.
Douglas Community Association—Michigan.
Human Resources Center—Michigan.
Community Coalition for Public Schools—Mississippi.
Tombighee Council on Human Relations—Mississippi.
Greenville Committee for the Support of Public Schools—Mississippi.
Jackson Education Task Force—Mississippi.
Greenwood Community Project—Mississippi.
Operation Breakthrough, Inc.—North Carolina.
Winston-Salem/Forsythe County—North Carolina.
Citizens Committee for Progress—South Carolina.
Committee for the Betterment of Poor People—South Carolina.
Bamberg County Education and Recreation Agency, Inc.—South Carolina.
L.E.A.R.N., Inc.—Dallas.
Bryan City Council of the Parent Teacher Association—Dallas.
Beeville Kiwanis Club—Dallas.
Lake Taylor Community Project—Virginia.
Chesapeake Council of PTA—Virginia.
Richmond Federation of PTA—Virginia.
The LINKS, Inc.—Virginia.
Petersburg Alumnae Chapter DELTA Sigma Theta Sorority, Inc.—Virginia.
Assembly of Amelia—Virginia.

3. Civil rights organizations (includes nine urban leagues, three NAACP chapters and four other groups, two of which are Chicago, whose primary purpose focuses on the civil rights of minorities).

Urban League of Greater Little Rock—Arkansas.
NAACP—Local Branch—California.
St. Augustine Chapter NAACP—Florida.
Indianapolis Urban League, Inc.—Indiana.
Wichita Urban League, Inc.—Kansas.
Southern Mutual Help Association, Inc.—Louisiana.
Pontiac Area Urban League—Michigan.
Wilmington NAACP—North Carolina.
Tulsa Urban League, Inc.—Oklahoma.
Orangeburg County Committee on Poverty—South Carolina.
Columbia Urban League, Inc.—South Carolina.
Nashville Urban League Unitary School System Assistance Center—Tennessee.
Memphis Urban League—Tennessee.
American GI Forum—Texas.
Dallas LULAC Council No. 272—Dallas.
Houston Area Urban League—Dallas.

4. Colleges and universities.

Selma University—Alabama.
Tuskegee Institute—Alabama.
Miles College—Alabama.
Florida A. & M. University—Florida.
Clark College—Georgia.
Atlanta University—Center for School and Community Services—Georgia.
Savannah State College—Georgia.
Tougaloo College—Mississippi.
Jackson State College—Mississippi.
Shaw University—North Carolina.
Johnson C. Smith University—North Carolina.
University of North Carolina—North Carolina.
South Carolina State College Project Helping Hand—South Carolina.
Tennessee State University—Tennessee.
Hispanic International University—Texas.
Bishop College—Dallas.
Virginia Union University—Virginia.

5. Community action agencies (OEO—and other organizations partially or totally federally funded).

Community Improvement Board of Calhoun and Cleburne Cos., Inc.—Alabama.
Alabama Council for Human Relations Lee County Headstart—Alabama.
Community Action Migrant Program, Inc.—Florida.
Ionia Street Multi-Service Center, Inc.—Florida.
Greater Atlanta Arts Council—Georgia.
Southern Rural Action, Inc.—Georgia.
La Salle Community Action Agency—Louisiana.
Lemoyne Community Action, Inc.—Louisiana.
Natchitoches Area Action—Louisiana.
Tri-Parish Progress, Inc.—Louisiana.
Coahoma Opportunities, Inc.—Mississippi.
Harrison County Community Action Agency—Louisiana.
Choanoke Area Development Association, Inc.—North Carolina.
Midlands Community Action Agency, Inc.—South Carolina.
Rusk Cherokee CAP, Inc.—Dallas.

6. Service organizations/community centers (includes organizations which provide continuous services to the community such as YWCA's and community service centers).

Young Women's Christian Association—Arkansas.
Education Center for Chinese—California.
Carver Community Center—Indiana.
St. Paul Community Center—Louisiana.
Bethlehem Center—North Carolina.
Dorchester County Educational Project, Inc.—South Carolina.
Creative Learning Center—Texas.
Inman Christian Center—Dallas.

7. Professional organizations (includes professional or business groups such as teachers' associations, chambers of commerce).

Association of Mexican American Education, Inc.—California.
Florida Education Association—Florida.
Greensboro Chamber of Commerce, Inc.—North Carolina.
Portsmouth Branch of the American Association of University Women—Virginia.

8. Student/youth organizations (organizations which are youth oriented and operated).

Japanese Community Youth Council—California.
Youth for Crispus Attucks High School—Indiana.
Micro-City Government, Inc.—Kentucky.
Through Racial Understanding There's Hope—Michigan.
Meridian Student—Mississippi.
Student Cooperative Association Ashbrook High School—North Carolina.
Youth Council of Eastern Alamance—North Carolina.
Wilmington Youth Council—North Carolina.
Student Cooperative Association of Virginia—Virginia

9. Television stations.

WJCT Community Television, Inc.—Florida.
Greater New Orleans Educational Television Foundation (WYES-TV).
Oklahoma Education Television Authority—Oklahoma.
Gulf Region Educational Television Affiliaties—Dallas.
Blue Ridge ETV Association, Inc.—Virginia.

ELIGIBILITY REQUIREMENTS FOR FUNDING NONPROFIT ORGANIZATIONS

Mrs. GREEN. Is there any nonprofit organization that you would eliminate as not eligible?

Mr. MATTHEIS. I am not sure whether we have been confronted with that or not, Mrs. Green. A basic criterion keyed to their being allocated funds is that their program must be in support of a school district program and they must be working with them.

That, I think eliminates a great deal of the possible agitation and rowdy elements in these projects. They must be in support of a bona fide school district program.

Mrs. Green. Are subjective decisions made?

Mr. Goldberg. The groups must be bona fide groups with boards of directors, with regular meeting dates, with opportunity for the school system to sit and work with them on their projects.

The significant development this year is the concept of the consortium of community groups. In other words, the most recent example was here in Prince Georges County, Md. Some eight competing groups filed intention with the Philadelphia regional office to present separate applications for a portion of the community group set-aside. These eight groups were induced by the board of education, by the superintendent, by the Philadelphia staff, and by our staff, all working together, to sit around the table with the school board and plan which activities they could do better than other community groups, and perhaps even better than the school system, to avoid overlapping.

One group becomes the applicant group in behalf of the consortium to get the funds, and arranges with the others to do a peice of the job by subcontract. We think this is a significant step forward, because it prevents the cut-throat competition of the groups interested only in funds and not in supporting the school plan.

This is happening in a number of parts of the country, and our program officers are encouraging the consortium idea.

BREAKDOWN OF FIVE SET-ASIDE PROGRAMS

Mr. Robinson. On page 3, you mention the five set-aside programs constituting 18 percent of the appropriated funds, $41 million and an estimated 182 projects. I would like to see how they are broken down as to projects under the three categories that you mention, and the amount of money under each of one of those categories. I do not seem to find it.

Mr. Mattheis. Not in that detail. We can provide that for you.

Mr. Robinson. I would like to see that in detail.

[The information follows:]

The terminology of this very complex program is confusing and a bit misleading. The three categories mentioned on page 3 of the opening statement are general grants to local education agencies, special programs and projects (nonprofit groups), and local educational agency pilot projects; these categories pertain to the State apportionment programs authorized by the Emergency School Aid Act:

	Number	Estimated fiscal year 1974 obligations
Local educational agency pilot projects	250	$37, 300, 000
Special programs and projects (nonprofit groups)	400	19, 900, 000
General grants to local educational agencies	975	146, 900, 000
Total	1, 625	204, 100, 000

Fiscal year 1974 projections for the five national set-asides, which are not apportioned among the States, are outlined below:

	Number	Estimated fiscal year 1974 obligations
Metropolitan area projects	25	$12,500,000
Bilingual education projects	70	10,000,000
Educational television	4	7,500,000
Special programs and projects	76	12,500,000
Evaluation	7	2,500,000
Total	182	45,000,000

POSSIBLE PROGRAM OVERLAP

Mr. ROBINSON. Also, I would comment, as mentioned by one of my colleagues, that there seems to be inevitable overlap between the programs under the State apportionment program, the basic, nonprofit, and then these set-aside programs.

You mentioned how you try to avoid this overlap, and I certainly hope you are successful in doing so.

As I said earlier, the new statutory authority under which you are operating says not only that you are supposed to eliminate and prevent minority group isolation, but improve the quality of education for all children.

Do you accept projects in both categories, or is it assumed that each of the projects that you accept has to accomplish something in both degrees?

Mr. GOLDBERG. The basic eligibility threshold is the adoption and implementation of a plan to reduce racial isolation. The education portions of the purposes section of the act apply to those school buildings in which all children, minority and majority, are coming together, perhaps some for the first time, and both can profit from stepped up educational services in reading and math.

If the school building were completely isolated, 1 building out of 40 in the district, say, completely isolated from the reduction of isolation plan, that school building would not be eligible to receive the services. It has to be part of the plan.

Those are the buildings in which the needs would be identified.

This is not a straight remedial compensatory education bill. This bill has the threshold that the Congress threw into it.

PURPOSES OF AWARDS

Mr. ROBINSON. There is no attempt made, then, in terms of the way that you keep your records, on awards or grants that are made with the single purpose of accomplishing the desegregation that has been court ordered, or a grant that is made with the dual purpose of assisting in the expense of desegregation and of improving the quality of the education for all children?

Dr. GOLDBERG. The answer is "No." In the pilot project section of the bill, it is possible for an almost completely 100 percent minority district which can do very little, if anything, more to desegregate, but does implement a plan that might move just a few children, to get strong remedial services in this exemplary section of the bill, the pilot project section. It was written in for that purpose.

Once again, they can apply for and be awarded, if they have a successful application, to get a sum of money equal to double that amount, the same amount as the original, for doing one integrated school project.

Let me make myself clear on that. If in a heavily racially impacted city they apply for a pilot project rather than a basic project, perhaps in a city such as Baltimore or Wilmington, heavily racially impacted, and they get the sum of $400,000 for a grant, but still wish to demonstrate to the community that they can prevent further resegregation by taking a magnet school and providing such services in that school that will attract children from all parts of the city and provide remedial and enriched services to majority and minority children, they can get up to $400,000 additional to match the remedial portion in the heavily racially impacted district.

Mr. **Robinson.** Will you let the record show how many of such grants have been made?

Dr. **Goldberg.** Yes, if there are any in batch 1. If not, we will indicate how many have applied for that in batch 2 or in batch 3. It will be a cumulative report.

[The information follows:]

In a very real sense, all emergency school assistance grants are intended to achieve the two objectives of achieving quality education and reduction of minority group isolation, although pilot projects tend to emphasize educational quality, that is, overcoming the adverse educational effects of racial isolation. An analysis of fiscal year 1973 basic grant (general desegregation assistance) and these pilot projects follows:

	Number	Obligations
Basic grants to LEA's	113	$29,200,000
LEA pilot projects	21	3,800,000
Total	134	33,000,000

STATE FUNDS

Mr. **Robinson.** It is obvious from the answer you gave Mr. Shriver that you are prepared for questions pertaining to various States. All you need to do is to put it in the record.

Mr. **Flood.** If you do not have it, get it.

[The information follows:]

Including activity under title IV of the Civil Rights Act, the following awards were made to applicants in Virginia:

	Fiscal year 1972		Fiscal year 1973 through Apr. 30, 1973	
	Number	Amount	Number	Amount
Interim emergency school assistance program	38	$7,100,000	26	$1,300,000
Emergency School Aid Act programs			13	2,800,000
Civil rights educational activities (CRA, title IV)	15	500,000	2	100,000
Total	53	7,600,000	41	4,200,000

It must be noted that final fiscal year 1973 funding has not been completed and that a number of awards are expected in May and June. Final fiscal year 1973 obligations should approximate the fiscal year 1972 level in Virginia.

SPECIFIC DETAILS ON SET-ASIDES

Mr. MATTHEIS. May I allude to Mr. Robinson's previous questions? Pages 104, 105, 106, 107, and 108 of the budget justifications deal specifically with the set-aside question that you asked about, the dollar amount in the budget and the anticipated number of projects in that particular set-aside. So, that information is available.

Mr. FLOOD. Mr. Conte.

FUNDS FOR BUSING OF STUDENTS

Mr. CONTE. On page 104, you state that some of the funds will be for grants to assist in transferring students within a standard metropolitan statistical area. Does this include busing? How much of the funds will go for busing?

Dr. GOLDBERG. Funds for student transportation costs are allowable only under the conditions delineated in title VIII of Public Law 92–318. In the administration of the Emergency School Aid Act, further, such funds will be awarded only to those districts which voluntarily request them to insure the success of quality educational activities. We estimate, based on other ESAA projects funded to date, that such funding will be minimal—probably less than 1 percent of the total funds obligated.

EFFORTS TO ELIMINATE MINORITY ISOLATION

Mr. CONTE. Also on page 104, you state that the funds are being used for the support of cooperative efforts between school districts to eliminate minority isolation. Would you please describe what these cooperative efforts consist of?

Dr. GOLDBERG. Cooperative arrangements which support interdistrict student transfers under metro projects include (a) participation of students affected by the transfers in extracurricular and after hours activities at the school to which they are transferred, (b) participation of parents of such students in school-related activities, (c) participation by students in school-related activities in their home communities, (d) opportunities for community and advisory committee participation in the development and implementation of the proposed program, project, or activity, (e) participation of the appropriate housing authorities, zoning boards, regional planning organizations, and other such governmental and quasi-governmental agencies, and (f) opportunities for students in the affected area to contribute to the development of the proposed plan.

EDUCATIONAL PARK

Mr. CONTE. Would you please describe what an integrated educational park is?

Dr. GOLDBERG. An integrated education park is a school or cluster of schools providing secondary education as defined by the applicable State law and located on a common site within a standard metropolitan statistical area in which 5,000 students are regularly enrolled; the requirements of student enrollment and faculty are set forth on page 5645, paragraph 185.31(a)(2) of the Federal Register, dated March 2, 1973.

Mr. Conte. How many of the 25 special projects that are slated for fiscal year 1974 are to be integrated educational parks? What part of the requested appropriation will go to these parks?

Dr. Goldberg. We estimate that three to five planning grants for integrated education parks, totaling approximately $300,000, or 2 percent of the metropolitan budget request, will be awarded in fiscal year 1974. No funds will be awarded for the construction of any such parks, which are extremely expensive.

SUCCESS OF BILINGUAL EDUCATION

Mr. Conte. How successful have the bilingual education projects been?

Dr. Goldberg. We have not yet funded bilingual projects under ESAA. Similar bilingual projects funded under title VII of ESEA, however, have been judged by program officials to be quite successful. Once the current national evaluation of the title VII bilingual program is completed we will have hard objective data which will undoubtedly be helpful in insuring success in the ESAA bilingual projects.

Mr. Conte. You indicate that some 72 bilingual projects will be funded in fiscal year 1974. How many other projects would be eligible, but will not be funded?

Dr. Goldberg. We estimate that there are some 600 districts which meet the basic eligibility criteria; we estimate 72 of these will be funded.

Mr. Conte. You indicate on page 105 that most of the bilingual education projects are for Spanish-speaking Americans. What other language groups are served, and how many of these are there?

Dr. Goldberg. There are five language groups other than Spanish-speaking Americans specifically cited in the Emergency School Aid Act: American Indians, Portuguese, Oriental, Alaskan Natives, and Hawaiian Natives; other language groups may be added by the Assistant Secretary where he determines that substandard English fluency is a barrier to equal educational opportunity. To date, the As- to apply and will be subject to a case-by-case analysis vis-a-vis the bilingual criteria.

GRANTS FOR CHILDREN'S TELEVISION PROJECTS

Mr. Conte. On page 106 you state that up to four projects for integrated children's television will be made in 1973. What is the projected number of grants in fiscal year 1974?

Dr. Goldberg. We plan to fund a total of four educational television projects in both fiscal year 1973 and fiscal year 1974. Our objective is to continue and strengthen effective programs. Should one or more of the fiscal year 1973 projects be ineffective, we will fund new projects in fiscal year 1974 to bring the total to four.

Mr. Conte. When will the specifications for this children's television project be developed?

Dr. Goldberg. Draft ETV program announcements soliciting proposals and specifications were distributed to potential clients on January 19, 1973. Awards are scheduled for April 20, 1973.

ASSESSMENT OF DESEGREGATION NEEDS

Mr. Conte. On page 107 you state that the specific programing must await a detailed assessment of desegregation needs not adequately met under other emergency school aid activities. What does this mean? When will this detailed assessment be ready?

Dr. Goldberg. The national set-aside for special projects in ESAA anticipates and allows for addressing specific program needs as they become better known. To date, we have determined that remedial reading incident to desegregation is an obvious problem area which should be addressed; $2.5 million is being made available to meet this need. Also, $2.3 million has been allocated to ETV to bring this program to a more effective threshold level of support. Once we have assessed experiences with these and other program-specific activities of ESAA we will focus this money to meet specific needs as they emerge.

EVALUATION REPORTS

Mr. Conte. On page 108 you state that major attention will be directed to the implementation of the evaluation reports submitted in fiscal 1973. How will this be done?

Dr. Goldberg. All major findings of OE evaluation reports are to be summarized by the Office of Planning, Budgeting, and Evaluation and presented to program officials with appropriate recommendations for program revisions. If necessary, these recommendations are then discussed at the highest levels of OE management to resolve any disputed issues. By direction of the Acting Commissioner, it is the policy of OE to immediately implement, wherever possible, the major findings of successful evaluation studies.

Mr. Conte. You are asking for almost $2½ million for the evaluation program. How much of this money will be used for the dissemination of the information gathered?

Dr. Goldberg. The act does not authorize dissemination activities under section (713) evaluation. Evaluation reports, whose main objective is to identify successful programs, are made available to the National Institute of Education. NIE in turn utilizes such reports to produce information packages to meet specific educational needs. Such packages illustrate the conditions for and characteristics of successful programs and how they might be replicated. Such information is directed to specific client need; this differs from the general distribution approach to dissemination which tends to offer too much or irrelevant information to a more general audience.

PILOT PROJECTS

Mr. Conte. With regard to the State apportionments for pilot programs on page 109, you state that about 250 out of 700 eligible school districts will be receiving assistance in these pilot projects. What about the rest of them?

Dr. Goldberg. Of the other 450 districts judged to be eligible for pilot projects, many will not apply; others are unlikely to merit funding based on established evaluative criteria.

CRITERIA FOR COMMUNITY PARTICIPATION

Mr. Conte. On page 110 you state the community groups which are a "positive force in the community" will be eligible for assistance in developing means to increase coordination between individual parents and school authorities. Who is to determine what groups will be a positive force and what are the criteria?

Dr. Goldberg. An independent panel of nongovernment experts must review each application and rate its programmatic quality against established criteria. These criteria include (a) the degree to which the nonprofit group has cooperated with the local school district in developing its plan, (b) the degree to which the activities of the group represent a cooperative effort among all agencies and institutions in the community, and (c) the extent to which the required advisory committee of the nonprofit group is broadly representative of the community to be served. Additionally, all nonprofit group applicants must secure written comments on their application from local school officials.

AVERAGE GRANT AWARDS

Mr. Conte. Why will the average award under this program be smaller this year than it was last year? Will this not have an effect on their effectiveness?

Dr. Goldberg. The average fiscal year 1974 award is slightly lower than the fiscal year 1973 average because the first batch of fiscal year 1973 projects were funded for 17 months. All subsequent awards are expected to be for 12 months. This pattern holds true for pilot and general (basic) LEA projects, as well.

BASIC INSTRUCTION AND SUPPORT SERVICES

Mr. Conte. On page 111 you state that the general grants to local educational agencies will be limited to basic instruction and support services. Could you specify what these are?

Mr. Goldberg. School districts are being encouraged to focus grant funds on basic instructional and support services, i.e. activities designed to directly or indirectly improve skills in reading, math, or closely related areas.

Mr. Conte. You indicate in your prepared statement that the programs under title IV of the 1964 Civil Rights Act will be redirected to place a greater emphasis on State Education Agency units and on university centers and institutes. Could you provide a breakdown as to the expected distribution of these grants among these prospective recipients?

Dr. Goldberg. We anticipate that some 10 percent of the appropriated title IV funds will go to school districts, 15 percent to university institutes, and 75 percent to technical assistance centers (including 25 percent to State Education Departments).

Mr. Flood. Mrs. Green.

REDUCTION OF ISOLATION AND IMPROVED QUALITY OF EDUCATION

Mrs. Green. I would like to pursue the question Mr. Robinson asked. I refer to the words "to reduce isolation and improve the quality of all education."

Let us take a hypothetical case, which could be Detroit or Richmond, you might have a school with 600 blacks and 100 whites, and another school with 600 whites and 100 blacks. For the purpose of this discussion, let us just say that the school with 600 blacks is very inferior in the quality of its education. It may or may not be.

Then to reduce the isolation, are we going to embark on this great scheme of busing, and bus 300 or 200 blacks over to the white school, and then we will bus 200 or 300 whites to the black school. In this case, you may be reducing isolation, but you are not improving the quality of all education for all students, because if you admit at the beginning that the black school is inferior, you are leaving the 400 blacks in this inferior school. The job—it seems to me—is to be concerned about the best quality education possible for all 600—not just 200. But we pat ourselves on the back and say how liberal we are—how great we are—how we have progressed in social reform; then we take 200 or 300 white children and send them to the predominantly black school that we've been told is the inferior school. It seems to me that is a violation of what the law says—that we have ignored that part about "quality education."

Dr. Goldberg. The specific logistical plan that a school district presents in its application for funds is a matter of local choice. If they were to do what you have indicated, they would have to identify in their needs assessment their reasons for doing that.

One reason that the example you present is so difficult to comment on is because it is typical of several very large urban centers but not typical of the country as a whole.

Mrs. Green. If I may interrupt, did I misunderstand your answer to Congressman Robinson? I thought you said in giving funds you pay attention only to the first part, for the purposes of awarding the money— "reducing the isolation," and you do not pay equal attention to the last part, improving the quality of education of all children.

STATUTORY REQUIREMENTS FOR ELIGIBILITY

Mr. Goldberg. No. The statute requires, again as a threshold, that you be eligible for the program by adopting a plan. The board must adopt a plan to integrate. It does not say how extensive that plan must be.

Technically, the board of education may move one pupil and get by that threshold the way the statute is written, but then they would apply for the pilot project, that section of the bill that is especially helpful, we think, for those districts with heavy racial impaction. The other part of it would be the integrated school tie-in.

Mrs. Green. If you re-read the answer you gave to Mr. Robinson it does not seem to me it is the same as you are trying to suggest just now. I suggest that your first requirement to reserve money is to reduce isolation and the requirement to give equal consideration to quality of education is ignored.

Mr. Rock. I think the answer needs clarification. The funds spent under this act will be spent primarily in the areas of basic education: reading and mathematics. There has been a decision made by the Commissioner and the Assistant Secretary and the Secretary. We see the purposes of the act as intertwined. The school district is doing something to reduce isolation. But the funds under this act, in line with the authorized activities of the act, are not merely to take care of logistical matters, such as transportation——

FUNDING FOR TRANSPORTATION OF STUDENTS

Mrs. Green. How much do you anticipate you will be spending for transportation?

Mr. Rock. I doubt we will spend as much as 1 percent. I would say all of that transportation must be program related. That is, this is not a transportation act. We do not see it as such.

Mrs. Green. You are saying 1 percent. What is that in millions of dollars?

Mr. Rock. In batch 1, the first batch of applications, $34,000 out of $14 million.

Mrs. Green. For what?

Mr. Rock. For transportation, field trips and activities after school to provide interracial experiences.

Dr. Ottina. Not transportation from home to school or school to home.

Mrs. Green. You provide transportation from the home to the outdoor classroom?

Dr. Ottina. No. we are talking about transportation from wherever the school is to other experiences in the community, other schools, but not in the sense of transporting the child from its residence to wherever the education takes place.

Mr. Robinson. I think what you are saying now indicates there is a certain flexibility with respect to this program which actually does not exist at all, particularly in the case of a court order. The judge tells the school district what it has to do, and there is no opportunity to say we will move one student here and we will move one student there. The judge tells them what to do.

Mr. Flood. There is no doubt about that.

Mr. Robinson. Where is your flexibility when you are dealing with a school district that is under the court order?

Mr. Goldberg. May I try to say it this way: If a school district has 98 percent minority children in it, the judge would not be ordering that district to do anything, because they would not be under fire in the local area to get the remaining 2 percent of the children integrated.

Mrs. Green. May I interrupt at that point. What is the percentage of black children in the District of Columbia?

Mr. Goldberg. Ninety-plus.

Mrs. Green. Ninety-six?

Mr. Mattheis. It would be in the nineties.

Mrs. Green. Is the District under a court order?

Mr. Mattheis. Yes.

Mrs. Green. What do you mean by your last statement?

PILOT PROGRAMS UNDER THE EMERGENCY SCHOOL AID ACT

Mr. **Goldberg.** I am saying there are some districts in the Nation that are heavily racially impacted, not under court order, that wish to apply for the pilot section of this act.

Again to clarify, you cannot apply for the pilot section of this act merely by raising your hand and saying, "I have some problems, and I need some money." You have to adopt a plan that will do something about the existing condition in your school.

It may well be a plan saying, "We cannot move many children, but we will do this or do that." That would be a threshold to get to the second part of the act, the pilot project.

You would not be competing, Mrs. Green, in your State with any other districts except those, like yours, applying only for pilot projects. It is a separate competition.

Mrs. **Green.** I think it is full of contradictions.

EFFORTS TOWARD QUALITY EDUCATION

Mr. **Patten.** This whole question going to quality education is nothing new. Long before you were born, I remember in our school system we made a major effort to give the bright students a chance, and we graded all our classes. In the eigth grade you had one group who were all top students. They came from all over the city, all types. That group was fast. Still, in our eighth grade the No. 5 group you could not get to move. You could not get anything out of them.

The point we stress here is that we are selling education. I know schoolteachers, like yourselves, have tried to improve the quality of education.

If we are going to talk about quality education, let's be school men and stick to the guns, and let us give the kids a chance to learn. Let us take them apart on a basis of their ability to get an education.

Mrs. **Green.** I do not happen to think that you can improve the quality of education in this way. I think this program will do more to destroy quality education than anything.

I regret we discuss education problems on a black-white basis. It seems to me that the problem really is that we are trying as a nation—with noble purposes—to cross two barriers at the same time—the racial barrier and the class barrier—and we refuse to discuss it in terms of the class barrier. We put it exclusively on the basis of race and thereby increase the polarization. I happen to believe more education problems arise from class barriers which exist within each race.

SET-ASIDE FOR METROPOLITAN SCHOOL DISTRICTS

Let me go back to the last question I asked you about busing, and how much you intend to spend on it. How much did you set aside for the metropolitan school district?

Dr. **Goldberg.** That is 5 percent of the appropriations. That would be about $11 million.

Mrs. **Green.** For 1973?

Dr. **Goldberg.** For 1973–74. It would end June 30, 1974.

Mrs. **Green.** Would you explain to me how these children feeding into this educational park, how they are going to get there? Walk?

Dr. **Goldberg.** There are no funds available for any district except to those who wish to apply on a voluntary basis for planning. All funds for construction, all funds for transportation are decisions of the local and State authorities. There is nothing in this bill, this section, that sets aside 5 percent, or in the regulations, that indicates any plans for transportation of these children.

Mrs. **Green.** You would admit that you can not plan for a metropolitan school district and educational parks without massive busing? You would have to admit that? You are not expecting the kids to walk?

Dr. **Goldberg.** The size of the community would indicate how great a busing project would be needed. Some would walk who live nearby. Others would need to be transported.

Mrs. **Green.** It seems to me a subterfuge and less than honest to say you are not anticipating that money will be required for busing across district lines.

Dr. **Goldberg.** This is a complex bill and we are attempting to administer the bill Congress gave us.

TYPES OF TRANSPORTATION FOR WHICH FUNDS CAN BE SPENT

Dr. **Rock.** Nobody is saying we can not spend money for transportation. We have already spent some money for transportation. We are not spending money for busing, as I understand the term. We are spending money when it is program related. I think your point, Mrs. Green, is very correct. In the metropolitan program—which is a set-aside in this act that was not requested by the administration but was placed in the act by the Congress, and we must administer it—there is a possibility in certain programs, not in parks because there will be no operational parks, but in the transfer of children between school districts, as done around Boston and Hartford; on a voluntary basis on the part of the school districts this is done.

In that case there could be some transportation that is program related. Again we expect this to be very minor. What we have spent to date makes this very clear.

Mrs. **Green.** I think your use of the word "voluntary" is also a sad use of the word "Under court order," "under order from HEW, the Civil Rights Division," it is hardly a voluntary matter.

Dr. **Rock.** These are not court orders. There are no court orders in metropolitan——

Mrs. **Green.** I understand that. I say HEW will dangle millions of dollars to encourage a district to apply. Have you selected the metropolitan school districts?

APPLICATIONS FROM METROPOLITAN SCHOOL DISTRICTS

Dr. **Rock.** No, their applications will be in later this month.

Mrs. **Green.** How many applied?

Dr. **Rock.** None yet. We would expect around the end of this month to receive those applications. We do not expect many applications. This is voluntary. I would expect probably no more than five or six applications for actual transfers of children.

Mrs. **Green.** You do expect five or six applications for a metropolitan school district?

Dr. **Rock**. Not for a metropolitan school district but voluntary interschool transfer between districts. From a number of school districts around Boston, which on their own voluntarily——

Mrs. **Green**. If you don't have any applications for a metropolitan school district there is no point in appropriating funds?

Dr. **Rock**. They are not due until the end of this month.

Mrs. **Green**. I can't believe we will get the bill out by then?

Dr. **Rock**. The money is available already.

Mrs. **Green**. You won't need the money, however, if districts do not apply.

Dr. **Rock**. I think we will.

Mrs. **Green**. You think you will have applications?

Dr. **Rock**. I think this is what I just said.

Dr. **Ottina**. Again the awards for this month would be out of the 1973 appropriation already enacted.

Mrs. **Green**. You have to have two-thirds of the districts that have approved the plan with 50 percent or over two-thirds of the youngsters involved?

Dr. **Goldberg**. In the standard metropolitan statistical area. In the straight interdistrict transfer, two districts may wish to apply on a voluntary basis for assistance, and that need not have the signoff. Two-thirds in the Standard Metropolitan Statistical Area. In the bill that carries the terminal date of 1973, that is for a long-range planning grant where two or more school districts can apply, but two-thirds of those in the SMSA may apply.

COMPOSITION OF METROPOLITAN SCHOOL DISTRICTS

Mrs. **Green**. You are interpreting this to mean two districts could be a metropolitan school district?

Dr. **Goldberg**. No, the SMSA portion requires two-thirds signoff. There are places in the bill in which interdistrict transfers, two districts together, city and one suburb, or two suburbs, one more heavily impacted than the other, may wish to apply for assistance to make available schooling so children from different backgrounds can have a more complete education where they would not have that available if they had to be denied that because of the residence factor. That appears to be the intent of the bill.

INTERPRETATION OF DE JURE AND DE FACTO SITUATIONS

Mrs. **Green**. The chairman asked about the de jure and de facto situation. How do you interpret "administering the guidelines uniformly, whether they are de jure or de facto?" Do you have a different interpretation as of 1973 than prior to 1972?

Dr. **Goldberg**. In the administration of this act, no differentiation between de jure and de facto is needed. The Act is North, East, South, and West. The de facto and de jure voluntary or court order are treated equally without any regard to the label on the problem.

Mrs. **Green**. You do recognize that prior to enactment of the 1972 law you interpreted the law contrary to what many members believed was the congressional intent: All de jure situations in the United States would be treated uniformly; all de facto situations in the United States would be treated uniformly. That is different than treating all de jure and all de facto situations the same. I want to know as of now, is the interpretation of the law that all de jure and de facto situations, no matter where they occur, shall be treated uniformly?

Dr. **Goldberg.** Under ESA, yes. Uniformly.

Mrs. **Green.** Under what?

Dr. **Goldberg.** Emergency school aid, the program we are meeting on today.

CHANGE IN POLICY

Mrs. **Green.** You did have a change of policy down there as of last year—different than the interpretation of the similar requirement in ESEA?

Dr. **Goldberg.** Under a former authorization and a former law, emergency school assistance program, ESAP, the funds were allocated to districts under court order. The requests were made to Congress because of the *Green* decision, which had just come upon this country, and the administration asked for $75 million to meet the emergency needs. The term "emergency" was born at the time when there was a genuine emergency, when the Supreme Court ordered districts to desegregate and the school year 1970–71 was upon the country. The court-ordered districts were the ones that worked with ESAP I and II.

Mrs. **Green.** You have not answered my question.

Dr. **Goldberg.** I tried to.

Mrs. **Green.** Last year you treated all de jure situations uniformly and you treated all de facto situations uniformly under ESEA. You said that was what the law required. The intent of this law is not to do that. It is to treat all de jure and de facto the same. I want to know if that was a change of policy. Yes or no.

Dr. **Goldberg.** Yes. The change in policy reflects the nature of the two pieces of legislation. Yes, there has been a change of policy.

Mrs. **Green.** That is all I wanted to know.

CONGRESSIONAL ACTION ON AUTHORIZING LEGISLATION

Dr. **Rock.** It might be helpful to point out that all of the setasides in this act were placed there by Congress. We do not have discretion to set aside money. When we talk about a metropolitan area project, that is a specific 5-percent setaside which we must administer. Again, it has been the consistent position of the administration that all districts should be treated alike. The administration in fact asked for legislation which would focus much more heavily upon education through the Equal Opportunity Act.

Mrs. **Green.** "Consistency is the hobgoblin of little minds." You say there is a set-aside for metropolitan districts; Congress intended it and you have to do it. In the student financial aid, Congress said you have to fund EOG and you said, "To hell with the Congress, we don't have to ask for funds for EOG." Would you explain what makes you follow the congressional provision on one occasion and ignore the congressional provision in another? If you have the discretion on the EOG and the other student financial assistance, it seems to me that you have the discretion, if the administration really wanted to, to say we are not going to request these funds?

Dr. Rock. No, I do not know about these other programs. In this act, when you appropriate *x* number of dollars—say you appropriate $100 million; we must spend $5 million for metropolitan sea-aside. In other words, whatever you appropriate we then have to spend on this.

Mrs. Green. You can come up and ask us to have a rescission or point of order language and cut out the metropolitan parks. You could do it the same as you do on other items. This is clearly an administration policy. You apparently want to establish metropolitan districts.

Dr. Ottina. We could have asked you to reconsider the 5 percent and the various set-asides for this act as we did ask you to reconsider the funding in the Higher Education Act. We chose not to.

BUSING POLICY

Mrs. Green. In spite of the President's speeches, he really is in favor of busing and is in favor of metropolitan school districts.

Dr. Ottina. I would thoroughly disagree with that conclusion.

Mrs. Green. I don't see how you can. You cannot have the metropolitan statistical area or education parks without busing.

Mr. Miller. I have been staying out of this but it seems to me we are using the word "busing" very badly. The fact that Montgomery County has a whole system of busing has nothing to do with the issue the President discusses which has to do with whether you are busing solely for purposes of desegregation or racial balance? We are saying to you that this program does not spend any funds for the purposes of busing for desegregation or racial balance. The only funding we do is where a project is already worked out by a school system and kids get to school on their own and then have to get from school to the parks, and we allow them to spend some of our money for that. It is not in any way a violation of the President's policy.

QUOTAS ON STUDENT AND TEACHER ASSIGNMENTS

Mrs. Green. It seems to me it is a contradiction of the President's policy if he knows OE is requesting funds for this. How do you interpret quotas? What are you doing on that?

Dr. Goldberg. I don't know the reference to quotas. Is that in connection with students assignments or teachers or what?

Mrs. Green. Both.

Dr. Goldberg. The quotas are not anywhere in the regulations or in the statute itself in court-ordered districts. The decision of the judge, if it is court ordered or worked out amicably by the plaintiff and the defendant, they establish how much reduction of racial isolation will satisfy the judge, if it is before the judge.

Upon a voluntary plan, the quotas they might elect to use for a percentage of reduction of isolation would be a local decision. We are not involved in the quotas. We are involved in the consideration of awards, concern with the net reduction of racial isolation. A district that more fully meets the purposes of the act is entitled to a higher place in the rankings than one that less effectively meets the purposes of the act. So in preparing their applications, they must indicate to the program offices how fully they are complying with the sections of the act requiring reduction of isolation.

Mrs. GREEN. What is the policy of OE to encourage or discourage quotas for students and faculties?

Dr. GOLDBERG. In administering this act the policy is to award grants to those districts that reach more fully, as I said, the reduction of racial isolation. If that means increased desegregation, then the school district will elect to do that. Our policy is to make the awards from the top down to those districts that score higher on an objective point scale. That includes a quantitative and qualitative measure.

Dr. ROCK. We have no quotas.

Mrs. GREEN. That is what I was trying to find out.

Do you encourage or discourage them?

Dr. ROCK. We have none.

Mrs. GREEN. Do you have a policy of encouraging districts to set up a quota?

Dr. ROCK. You mean to hire *x* percent or number of minority teachers?

Mrs. GREEN. Right.

Dr. ROCK. No. There are provisions in the act itself and in the regulations against discrimination against teachers. There are provisions that would prohibit that. That is in no way a quota.

CIVIL RIGHTS COMPLIANCE ACTIVITIES

Mrs. GREEN. I know, and I have the papers in my files—prior to this administration—where lawyers from the Civil Rights Division went to a city and were brash enough to write out and sign a statement that in *X* school you must hire a white librarian and in *Y* school hire a black science teacher, et cetera. Has that policy been changed?

Dr. GOLDBERG. Yes, it has; the Office of Civil Rights has informed us that they are operating under a policy of general racial identifiability of the faculty rather than a specific count by how many white chemistry teachers and black chemistry teachers and brown social studies teachers. They are no longer in that arrangement of saying, "Hire one of these or one of that." They do want to know if a school district that has a majority of children of one particular background or has almost complete makeup of children of one background of a faculty that brands that school as racially identifiable. They are concerned with an across-the-board look at whether the public views that school as a school set aside for black children or brown children. They want to eliminate that.

Mrs. GREEN. That can be a quota system.

Dr. GOLDBERG. They do not describe it to us as a quota. They have not ascribed specific numbers to it. It is a change in policy.

POLICY CHANGE CONCERNING FACULTY ASSIGNMENTS

Mr. ROBINSON. You mentioned a change in policy. What brought about this change in policy?

Dr. GOLDBERG. I think the fact that——

Mr. ROBINSON. What directly brought it about?

Dr. GOLDBERG. That is the Office of Civil Rights that takes care of that. That is not the Office of Education.

Dr. ROCK. There was a directive under this act concerning faculty assignments. The Singleton requirement had been used by the Office of

Education. That requirement was dropped by secretarial decision. It went——

Mr. ROBINSON. Are you familiar enough with the document so you can put your hand on it and give me a copy and place it in the record at this hearing?

Dr. GOLDBERG. We will confer with the Office of Civil Rights in charge of that program.

Dr. ROCK. Yes, I think so.

Mrs. GREEN. I didn't hear the answer. Are they going to put it in the record at this point?

Mr. ROBINSON. They say that they can put their hands on it and put it in the record at this point. It is a change in policy that your question was directed to.

[The information follows:]

SINGLETON REQUIREMENT

The question of whether or not to use the *Singleton* faculty assignment requirement under the Emergency School Aid Act was presented to the Secretary as part of a formal action memorandum on August 1, 1972. A copy of issue 23 in which this question was addressed is attached. The Secretary selected a modification of option B. He decided that a definition of discriminatory assignments of faculty should be developed, but not in *Singleton* terms. The Secretary indicated that we would not add desegregation requirements beyond court-ordered requirements. The Secretary's decision was implemented in 45 CFR sections 185.43(b)(2) and 185.44(d)(3) of the Emergency School Aid Act regulations (38 FR 3450, February 6, 1973). The faculty assignment requirement in section 185.43(b)(2) is stated not in *Singleton* terms but in terms of assignments which make particular schools racially identifiable. Under section 185.44(d)(3) the remedy for a violation of this requirement cannot go beyond the provisions of the applicant's court order or title VI plan regarding faculty assignment.

Should the *Singleton* faculty assignment requirement be incorporated into the ESAA regulations?

Discussion:

Under the 1970–71 and 1971–72 ESAP programs, LEA grantees were required to assign faculty members so that the ratio of minority to nonminority teachers in each school was "substantially the same" as the ratio on the faculty as a whole. This requirement was premised upon the ruling of the Fifth Circuit Court of Appeals in *Singleton v. Jackson Municipal Separate School District*, 419 F.2d 1211, as reaffirmed by the Supreme Court in *Swann v. Charlotte-Mecklenburg Board of Education*, 402 U.S. 1. Application of this requirement in 1971–72 resulted in denial of ESAP funds to approximately 40 school districts, including large northern districts such as Detroit and Indianapolis.

In post-grant enforcement proceedings, the indefinite nature of the "substantially the same" requirement has resulted in a number of adverse decisions by hearing examiners. OCR's rule of thumb has been that the proportion of black teachers at each school should be within 5 percent, or within two teachers, of the overall faculty ratio. This rule, however, has never been embodied in a formal regulation or policy statement, and examiners have been reluctant to apply it.

The rationale underlying the *Singleton* ESAP requirement has been that under the law, such faculty assignments are a standard and integral element in the elimination of *de jure* segregation. ESAP was limited to districts eliminating such segregation. Under ESAA, however, districts with no demonstrated record of *de jure* segregation will be applying for funds to reduce racial isolation regardless of cause. There is a question as to whether some version of the *Singleton* requirement should be applied to these districts.

Section 706(a)(1)(B) of ESAA prohibits all LEA applicants from discriminating on the basis of race in assignment of faculty. This does not prohibit a *Singleton* requirement, but neither does it automatically imply the imposition of such a requirement. It would prohibit obvious cases of assigning disproportionate numbers of minority teachers to schools with predominantly minority student bodies.

Alternatives:

☐ *Option A.* Apply the *Singleton* requirement to all applicants, defining "substantially the same" as a specific percentage deviation from the overall faculty ration (10 to 15 percent).

Pro:

Guarantees desegregation of faculties in all grantee districts.

Specifies numerically the degree of deviation which will be accepted.

Treats all districts the same without regard to geography or *de jure/de facto* character (see Stennis amendments, sec. 703 (a) and (b)).

Con:

May result in disqualification of districts willing to eliminate some racial isolation.

May produce arbitrary or unfair results in some situations.

There is some doubt that strict enforcement of the *Singleton* rule significantly enhances desegregation or elimination of racial isolation.

☐ *Option B.* Apply a standard of nondiscriminatory assignment, or a standard to the effect that faculty shall not be assigned so that a school is identifiable as intended for students of a particular race.

Pro:

Provides for flexibility in enforcement.

Would eliminate at least the most extreme cases of improper faculty assignment.

Con:

Open to many subjective interpretations, and therefore difficult to apply or enforce.

Requires less of *de jure* districts than the courts have required. (Such districts, it is true, would apply for ESAA funding on the basis of court orders or title VI plans including the *Singleton* requirement, and we could insist that they comply with such orders or plans before being funded. In court order districts however, this approach would raise jurisdictional problems under *Lee* v. *Macon*; we would be on firmer ground enforcing our own program assurance.)

☐ *Option C.* Apply the *Singleton* standard (option A) to *de jure* districts (that is, those applying under sec. 706(a) and a nondiscriminatory assignment standard to other districts.)

Pro:

Accurately reflects the state of the law on faculty assignment.

May preserve eligibility to large urban districts willing to reduce racial isolation.

Based on separate and distinct eligibility categories.

Con:

Retains an element of subjectivity.

Treats districts differently on the basis of *de jure/de facto* status, and violates the spirit, if not the letter, of the Stennis amendments.

☐ *Option D.* Abandon *Singleton* enforcement.

Pro:

Eliminates our most time-consuming enforcement problem, permitting concentration on violations more directly related to discrimination against minority group children.

Con:

Deprives the Department of an effective, although controversial, device for desegregating school faculties.

EXAMPLES OF POSSIBLE CIVIL RIGHTS VIOLATIONS

Mrs. GREEN. Let me give you two instances that I know of that have happened in the District of Columbia in very recent years since this administration has been in office.

A school in the District—it happens Oregon parents complained to me. In this school, a fourth-grade boy between September and December had seven substitute teachers. When I inquired as to why that would be the case, the answer was given that there were no black qualified teachers on the roster who did not have regular assignments. There were a large number of white teachers, substitute teachers, but in that school they could not, because of the ratio, hire as a regular teacher a white person. They had to hire as a regular teacher a black person. So he continued to have substitutes.

Do you call that a quota or do you call that—what?

Dr. **Goldberg.** I don't know the circumstances of that case.

Mr. **Mattheis.** It would be the area of responsibility of the Office of Civil Rights. We cannot speak to the background of it or why they are doing it.

Mrs. **Green.** Would it be a violation of civil rights? If indeed you were enforcing a policy of ending discrimination on the basis of race, you would step in and prevent that? Clearly the policy discriminated on the basis of race?

Mr. **Mattheis.** They are the enforcement body in this area, as you well know. I would sooner they discuss it as well as answer to it. I don't think that is within our purview.

Mrs. **Green.** You don't have any policy on it all in your department?

Mr. **Mattheis.** In the Office of Education we do not have the Office of Civil Rights, and HEW has the responsibility for that particular area of activity.

Mrs. **Green.** You can't make recommendations from the standpoint of improving quality of education for all children? It seems to me, in this instance, the boy's education was not improved by having seven substitute teachers in 2 months.

RESPONSIBILITY OF THE OFFICE FOR CIVIL RIGHTS

Mr. **Mattheis.** That is true. If it was a judgment of the Office of Civil Rights they should have minority teachers and they should get out and find them and employ them. That would be our challenge to them. I think our evidence would indicate they are available in school districts and can employ these people if they really put themselves to it. That would be our educational judgment to their civil rights action.

Mrs. **Green.** They admitted this situation was the case and this was the policy in a District of Columbia subcommittee hearing. I am a little concerned because I don't see the same enthusiasm on the part of the Office of Education to shape policy as I see in some other areas.

OFFICE OF EDUCATION COORDINATION WITH OFFICE OF CIVIL RIGHTS

Mr. **Mattheis.** I don't know that it is that visible. I would only say, as Mr. Goldberg indicated, we work very closely with the Office of Civil Rights in rules and regulations, drafting implementation of the program, working with them in many, many consultative ways. We do try to work very closely with them. We influence them and they influence us. I think it is a joint venture in many respects.

Mr. **Goldberg.** To be very specific, if in the case you mentioned that becomes a matter of reporting to the Office of Civil Rights, when the time comes if the District of Columbia should make an application for funds under this act, the Office of Civil Rights would have to give them the green light. That district is not under OCR noncompliance procedures. If the Office of Civil Rights puts them in a legal hold we will not fund them. That is a reportable condition perhaps that might be directed to the Office of Civil Rights. They will then put a stop on our noncompliance list.

SECOND EXAMPLE OF POSSIBLE CIVIL RIGHTS VIOLATION

Mrs. Green. A second incident, a teacher who was rated as one of the top five teaching social sciences in the high school here in the District, applied for a position in another high school because they moved. During the interview, finally, the teacher said to the principal, "Be frank with me, is my race against me?"

He said, "Yes. We have no position in this high school for a white teacher." It seems to me again this is a violation of the Civil Rights Act. There should be no discrimination on the basis of race. Yet I see no indication either from the Office of Education or from the Civil Rights Division there is any concern about this kind of discrimination.

Mr. Goldberg. Once again, reporting that condition through the OCR would perhaps bring the result you are talking about. An investigation would take place by OCR staff. They would again notify us if the noncompliance decision is reached and we would act accordingly.

Mrs. Green. No more questions, Mr. Chairman.

FURTHER REMARKS ON QUALITY EDUCATION

Mr. Patten. New York City sent recruiters down here and stayed in a hotel and put ads in the paper. We lost our black teachers from the District. I knew some of them and they went to work other places and it was on account of the quality of the education in the building in which they were working. They made a choice and went to a different system. In one year not so long ago I thought I heard a figure of over 90 percent of the teachers in the District were not properly certified that were teaching. The turnover was tremendous.

Mrs. Green. That is a very old-fashioned idea that we should strive for quality education.

Mr. Patten. As an educator I am not interested in anything else. One area here that distresses me, Mrs. Green. I really believe in the District. It is criminal what we are doing by way of neglect of the gifted child. It is a shame, this I know, what some high school girls and boys have had to put up with today who have the ability to learn. They didn't have a fair shot at it, based on what happened in the classroom today. You cannot solve all of these problems at 5 o'clock today.

Mr. Mattheis. We will pick up tomorrow morning with your most recent comment with regard to the gifted program for that is where we are even considering new programs.

Mr. Patten. Thank you.

Mr. Mattheis. Thank you very much, Mr. Chairman.

Justification of the Budget Estimates

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Emergency School Assistance

Amounts Available for Obligation

	1973	1974
Enacted supplemental Appropriation (Total, obligations)............	$ 270,640,000	$ 270,640,000

Obligations by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
	Special projects:			
104	(a) Metropolitan area projects..	$ 11,397,000	$ 12,447,000	+ 1,050,000
105	(b) Bilingual education projects..................	9,117,000	9,958,000	+ 841,000
106	(c) Educational television......	6,838,000	7,468,000	+ 630,000
107	(d) Special programs and projects..................	11,397,000	12,447,000	+ 1,050,000
108	(e) Evaluation..................	2,280,000	2,489,000	+ 209,000
	State apportionment:			
109	(a) Pilot programs..............	34,191,000	37,341,000	+ 3,150,000
110	(b) Special programs and projects..................	18,235,000	19,915,000	+ 1,680,000
111	(c) General grants to local educational agencies......	134,485,000	146,875,000	+12,390,000
112	Training and advisory services (Civil Rights Act)..............	21,700,000	21,700,000	---
113	Temporary emergency school assistance program..................	21,000,000	---	-21,000,000
	Total obligations.................	$270,640,000	$270,640,000	---

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Other Services			
Project contracts...............	$ 3,280,000	$ 2,489,000	- 791,000
Grants, subsidies, and contributions...................	267,360,000	268,151,000	+ 791,000
Total obligations by object.....	$270,640,000	$270,640,000	---

Summary of Changes

1973 Estimated obligations	$ 270,640,000
1974 Estimated obligations	270,640,000
Net change	---

	Base	Change from Base
Increases:		
A. Program:		
1. Special projects:		
(a) Metropolitan area projects	$ 11,397,000	$ 1,050,000
(b) Bilingual education projects	9,117,000	841,000
(c) Educational television	6,838,000	630,000
(d) Special programs and projects	11,397,000	1,050,000
(e) Evaluation	2,280,000	209,000
2. State apportionment:		
(a) Pilot programs	34,191,000	3,150,000
(b) Special programs and projects	18,235,000	1,680,000
(c) General grants to local educational agencies	134,485,000	12,390,000
Total, increases		21,000,000
Decreases:		
A. Program:		
1. Temporary emergency school assistance program	21,000,000	-21,000,000
Total, decreases		-21,000,000
Total, net change		---

Explanation of Changes

Increases:

A. Program:

1. Special projects:
   - (a) Metropolitan area projects -- The $1,050,000 increase over the fiscal year 1973 funding level will allow an increase in the number of projects funded, from 22 in 1973 to 25 in 1974.
   - (b) Bilingual education projects -- The $841,000 increase over the fiscal year 1973 funding level will allow 7 more projects to be funded in 1974, an increase from 65 in 1973 to 72 in 1974.
   - (c) Educational television -- The additional $630,000 in fiscal year 1974 funds will allow expanded support to those projects funded in fiscal year 1973 and found to be effective.

(d) Special programs and projects -- 80 special projects can be funded at the fiscal year 1974 level of funding. This is an increase of 5 over the 75 special projects supported in fiscal year 1973.

(e) Evaluation -- Though the number of evaluation projects estimated to be funded in fiscal year 1974, with an increase of $209,000, is less than the 10 funded in 1973, the support given to each of the 7 projects will necessarily be more intensive, due to the fact that, in 1974, the projects will become fully operational.

2. State apportionment:

(a) Pilot programs -- The $3,150,000 increase over the fiscal year 1973 funding level will lead to an increase in the number of pilot programs supported, from 200 to 250.

(b) Special programs and projects -- 100 additional projects could be funded with the $1,680,000 increase over the fiscal year 1973 funding level. Thus, 400 projects will be supported in 1974, compared to 300 in 1973.

(c) General grants to local educational agencies -- The $12,390,000 increase will allow 200 additional districts to receive support for this program in fiscal year 1974. The 975 local educational agencies to be supported in 1974 compares to 775 in 1973.

Decreases:

A. Program:

1. Temporary emergency school assistance program -- The $21,000,000 decrease in fiscal year 1974 reflects the termination of this interim program. It was funded in fiscal year 1973 principally to maintain staff capabilities and program momentum, pending enactment and implementation of the Emergency School Aid Act. With the implementation of this Act, the interim program is no longer necessary.

Authorizing Legislation

	1974	
Legislation	Authorized	Appropriation requested
Education Amendments of 1972, Title VII-Emergency School Aid Act..................	$1,000,000,000	$248,940,000
Civil Rights Act of 1964, Title IV-Desegregation of Public Education........	Indefinite	21,700,000

TITLE VII—EMERGENCY SCHOOL AID

SHORT TITLE

Sec. 701. This title may be cited as the "Emergency School Aid Act".

FINDINGS AND PURPOSE

Sec. 702. (a) The Congress finds that the process of eliminating or preventing minority group isolation and improving the quality of education for all children often involves the expenditure of additional funds to which local educational agencies do not have access.

(b) The purpose of this title is to provide financial assistance—

(1) to meet the special needs incident to the elimination of minority group segregation and discrimination among students and faculty in elementary and secondary schools;

(2) to encourage the voluntary elimination, reduction, or prevention of minority group isolation in elementary and secondary schools with substantial proportions of minority group students; and

(3) to aid school children in overcoming the educational disadvantages of minority group isolation.

POLICY WITH RESPECT TO THE APPLICATION OF CERTAIN PROVISIONS OF FEDERAL LAW

Sec. 703. (a) It is the policy of the United States that guidelines and criteria established pursuant to this title shall be applied uniformly in all regions of the United States in dealing with conditions of segregation by race in the schools of the local educational agencies of any State without regard to the origin or cause of such segregation.

(b) It is the policy of the United States that guidelines and criteria established pursuant to title VI of the Civil Rights Act of 1964 and section 182 of the Elementary and Secondary Education Amendments of 1966 shall be applied uniformly in all regions of the United States in dealing with conditions of segregation by race whether de jure or de facto in the schools of the local educational agencies of any State without regard to the origin or cause of such segregation.

78 Stat. 252.
42 USC 2000d.
80 Stat. 1209;
81 Stat. 787.
42 USC 2000d-5.

APPROPRIATIONS

SEC. 704. (a) The Assistant Secretary shall, in accordance with the provisions of this title, carry out a program designed to achieve the purpose set forth in section 702(b). There are authorized to be appropriated for the purpose of carrying out this title, $1,000,000,000 for the fiscal year ending June 30, 1973, and $1,000,000,000 for the fiscal year ending June 30, 1974. Funds so appropriated shall remain available for obligation and expenditure during the fiscal year succeeding the fiscal year for which they are appropriated.

(b)(1) From the sums appropriated pursuant to subsection (a) for any fiscal year, the Assistant Secretary shall reserve an amount equal to 5 per centum thereof for the purposes of section 709.

(2) From the sums appropriated pursuant to subsection (a) for any fiscal year, the Assistant Secretary shall reserve an amount equal to 13 per centum thereof for the purposes of sections 708 (a) and (c), 711, and 713, of which—

(A) not less than an amount equal to 4 per centum of such sums shall be for the purposes of section 708(c); and

(B) not less than an amount equal to 3 per centum of such sums shall be for the purposes of section 711.

APPORTIONMENT AMONG STATES

SEC. 705. (a)(1) From the sums appropriated pursuant to section 704(a) which are not reserved under section 704(b) for any fiscal year, the Assistant Secretary shall apportion to each State for grants and contracts within that State $75,000 plus an amount which bears the same ratio to such sums as to the number of minority group children aged 5–17, inclusive, in that State bears to the number of such children in all States except that the amount apportioned to any State shall not be less than $100,000. The number of such children in each State and in all of the States shall be determined by the Assistant Secretary on the basis of the most recent available data satisfactory to him.

(2) The Assistant Secretary shall, in accordance with criteria established by regulation, reserve not in excess of 15 per centum of the sums appropriated pursuant to subsection 704(a) for grants to, and contracts with, local educational agencies in each State pursuant to section 706(b) to be apportioned to each State in accordance with paragraph (1) of this subsection.

(3) The Assistant Secretary shall reserve 8 per centum of the sums appropriated pursuant to subsection 704(a) for the purpose of section 708(b) to be apportioned to each State in accordance with paragraph (1) of this subsection.

(b)(1) The amount by which any apportionment to a State for a fiscal year under subsection (a) exceeds the amount which the Assistant Secretary determines will be required for such fiscal year for programs or projects within such State shall be available for reapportionment to other States in proportion to the original apportionments to such States under subsection (a) for that year, but with such proportionate amount for any such State being reduced to the extent it exceeds the sum the Assistant Secretary estimates such State needs and will be able to use for such year; and the total of such reductions shall be similarly reapportioned among the States whose proportionate amounts were not so reduced. Any amounts reapportioned to a State under this subsection during a fiscal year shall be deemed part of its apportionment under subsection (a) for such year.

(2) In order to afford ample opportunity for all eligible applicants in a State to submit applications for assistance under this title, the Assistant Secretary shall not fix a date for reapportionment, pursuant to this subsection, of any portion of any apportionment to a State for a fiscal year which date is earlier than sixty days prior to the end of such fiscal year.

(3) Notwithstanding the provisions of paragraph (1) of this subsection, no portion of any apportionment to a State for a fiscal year shall be available for reapportionment pursuant to this subsection unless the Assistant Secretary determines that the applications for assistance under this title which have been filed by eligible applicants in that State for which a portion of such apportionment has not been reserved (but which would necessitate use of that portion) are applications which do not meet the requirements of this title, as set forth in sections 706, 707, and 710, or which set forth programs or projects of such insufficient promise for achieving the purpose of this title stated in section 702(b) that their approval is not warranted.

ELIGIBILITY FOR ASSISTANCE

SEC. 706. (a)(1) The Assistant Secretary is authorized to make a grant to, or a contract with, a local educational agency—

(A) which is implementing a plan—

(i) which has been undertaken pursuant to a final order issued by a court of the United States, or a court of any State, or any other State agency or official of competent jurisdiction, and which requires the desegregation of minority group segregated children or faculty in the elementary and secondary schools of such agency, or otherwise requires the elimination or reduction of minority group isolation in such schools; or

(ii) which has been approved by the Secretary as adequate under title VI of the Civil Rights Act of 1964 for the desegregation of minority group segregated children or faculty in such schools; or

78 Stat. 252.
42 USC 2000d.

(B) which, without having been required to do so, has adopted and is implementing, or will, if assistance is made available to it under this title, adopt and implement, a plan for the complete elimination of minority group isolation in all the minority group isolated schools of such agency; or

(C) which has adopted and is implementing, or will, if assistance is made available to it under this Act, adopt and implement, a plan—

(i) to eliminate or reduce minority group isolation in one or more of the minority group isolated schools of such agency,

(ii) to reduce the total number of minority group children who are in minority group isolated schools of such agency, or

(iii) to prevent minority group isolation reasonably likely to occur (in the absence of assistance under this title) in any school in such district in which school at least 20 per centum but not more than 50 per centum, of the enrollment consists of such children, or

(D) which, without having been required to do so, has adopted and is implementing, or will, if assistance is made available to it under this title, adopt and implement a plan to enroll and educate in the schools of such agency children who would not otherwise be eligible for enrollment because of nonresidence in the school district of such agency, where such enrollment would make a significant contribution toward reducing minority group isolation in one or more of the school districts to which such plan relates.

Grants, contract authority.

(2)(A) The Assistant Secretary is authorized, in accordance with special eligibility criteria established by regulation for the purposes of this paragraph, to make grants to, and contracts with, local educational agencies for the purposes of section 709(a)(1).

(B) A local educational agency shall be eligible for assistance under this paragraph only if—

(i) such agency is located within, or adjacent to, a Standard Metropolitan Statistical Area;

(ii) the schools of such agency are not attended by minority group children in a significant number or proportion; and

(iii) such local educational agency has made joint arrangements with a local educational agency, located within that Standard Metropolitan Statistical Area, and the schools of which are attended by minority group children in a significant proportion, for the establishment or maintenance of one or more integrated schools as provided in section 720(6).

(3) Upon a determination by the Assistant Secretary—

(i) that more than 50 per centum of the number of children in attendance at the schools of a local educational agency is minority group children; and

(ii) that such local educational agency has applied for and will receive at least an equal amount of assistance under subsection (b);

the Assistant Secretary is authorized to make a grant to, or contract with, such local educational agency for the establishment or maintenance of one or more integrated schools as defined in section 720(7).

(b) The Assistant Secretary is authorized to make grants to, or contracts with, local educational agencies, which are eligible under subsection (a), for unusually promising pilot programs or projects designed to overcome the adverse effects of minority group isolation by improving the academic achievement of children in one or more minority group isolated schools, if he determines that the local educational agency had a number of minority group children enrolled in its schools, for the fiscal year preceding the fiscal year for which assistance is to be provided, which (1) is at least 15,000, or (2) constitutes more than 50 per centum of the total number of children enrolled in such schools.

Limitation.

(c) No local educational agency making application under this section shall be eligible to receive a grant or contract in an amount in excess of the amount determined by the Assistant Secretary, in accordance with regulations setting forth criteria established for such purpose, to be the additional cost to the applicant arising out of activities authorized under this title, above that of the activities normally carried out by the local educational agency.

(d)(1) No educational agency shall be eligible for assistance under this title if it has, after the date of enactment of this title—

(A) transferred (directly or indirectly by gift, lease, loan, sale, or other means) real or personal property to, or made any services available to, any transferee which it knew or reasonably should have known to be a nonpublic school or school system (or any organization controlling, or intending to establish, such a school or school system) without prior determination that such nonpublic school or school system (i) is not operated on a racially segregated basis as an alternative for children seeking to avoid attendance in desegregated public schools, and (ii) does not otherwise practice, or permit to be practiced, discrimination on the basis of race, color, or national origin in the operation of any school activity;

(B) had in effect any practice, policy, or procedure which results in the disproportionate demotion or dismissal of instructional or other personnel from minority groups in conjunction with desegregation or the implementation of any plan or the conduct of any activity described in this section, or otherwise engaged in discrimination based upon race, color, or national origin in the hiring, promotion, or assignment of employees of the agency (or other personnel for whom the agency has any administrative responsibility);

(C) in conjunction with desegregation or the conduct of an activity described in this section, had in effect any procedure for the assignment of children to or within classes which results in the separation of minority group from nonminority group children for a substantial portion of the school day, except that this clause does not prohibit the use of bona fide ability grouping by a local educational agency as a standard pedagogical practice; or

(D) had in effect any other practice, policy, or procedure, such as limiting curricular or extracurricular activities (or participation therein by children) in order to avoid the participation of minority group children in such activities, which discriminates among children on the basis of race, color, or national origin;

Ineligibility, waiver.

except that, in the case of any local educational agency which is ineligible for assistance by reason of clause (A), (B), (C), or (D), such agency may make application for a waiver of ineligibility, which application shall specify the reason for its ineligibility, contain such information and assurances as the Secretary shall require by regulation in order to insure that any practice, policy, or procedure, or other activity resulting in the ineligibility has ceased to exist or occur and include such provisions as are necessary to insure that such activities do not reoccur after the submission of the application.

Waiver application, approval.

(2) Applications for waivers under paragraph (1) may be approved only by the Secretary. The Secretary's functions under this paragraph shall, notwithstanding any other provision of law, not be delegated.

(3) Applications for waiver shall be granted by the Secretary upon determination that any practice, policy, procedure or other activity resulting in ineligibility has ceased to exist, and that the applicant has given satisfactory assurance that the activities prohibited in this subsection will not reoccur.

(4) No application for assistance under this title shall be approved prior to a determination by the Secretary that the applicant is not ineligible by reason of this subsection.

(5) All determinations pursuant to this subsection shall be carried out in accordance with criteria and investigative procedures established by regulations of the Secretary for the purpose of compliance with this subsection.

Notice to congressional committees.

(6) All determinations and waivers pursuant to this subsection shall be in writing. The Committee on Labor and Public Welfare of the Senate and the Committee on Education and Labor of the House of Representatives shall each be given notice of an intention to grant any waiver under this subsection, which notice shall be accompanied by a copy of the proposed waiver for which notice is given and copies of all determinations relating to such waiver. The Assistant Secretary shall not approve an application by a local educational agency which requires a waiver under this subsection prior to 15 days after receipt of the notice required by the preceding sentence by the chairman of the Committee on Labor and Public Welfare of the Senate and the chairman of the Committee on Education and Labor of the House of Representatives.

AUTHORIZED ACTIVITIES

SEC. 707. (a) Financial assistance under this title (except as provided by sections 708, 709, and 711) shall be available for programs and projects which would not otherwise be funded and which involve activities designed to carry out the purpose of this title stated in section 702(b):

Special remedial services.

(1) Remedial services, beyond those provided under the regular school program conducted by the local educational agency, including student to student tutoring, to meet the special needs of children (including gifted and talented children) in schools which are affected by a plan or activity described in section 706 or a program described in section 708, when such services are deemed necessary to the success of such plan, activity, or program.

Professional staff.

(2) The provision of additional professional or other staff members (including staff members specially trained in problems incident to desegregation or the elimination, reduction, or prevention of minority group isolation) and the training and retraining of staff for such schools.

Teacher aides.

(3) Recruiting, hiring, and training of teacher aides, provided that in recruiting teacher aides, preference shall be given to parents of children attending schools assisted under this title.

Inservice teacher training.

(4) Inservice teacher training designed to enhance the success of schools assisted under this title through contracts with institutions of higher education, or other institutions, agencies, and organizations individually determined by the Assistant Secretary to have special competence for such purpose.

Counseling.

(5) Comprehensive guidance, counseling, and other personal services for such children.

New curricula, minority language.

(6) The development and use of new curricula and instructional methods, practices, and techniques (and the acquisition of instructional materials relating thereto) to support a program of instruction for children from all racial, ethnic, and economic backgrounds, including instruction in the language and cultural heritage of minority groups.

Career education.

(7) Educational programs using shared facilities for career education and other specialized activities.

Innovative interracial programs.

(8) Innovative interracial educational programs or projects involving the joint participation of minority group children and other children attending different schools, including extracurricular activities and cooperative exchanges or other arrangements between schools within the same or different school districts.

Community activities.

(9) Community activities, including public information efforts. in support of a plan, program, project, or activity described in this title.

Administrative services.

(10) Administrative and auxiliary services to facilitate the success of the program, project, or activity.

Planning and evaluation.

(11) Planning programs, projects, or activities under this title, the evaluation of such programs, projects, or activities, and dissemination of information with respect to such programs, projects, or activities.

Facility remodeling; mobile units.

(12) Repair or minor remodeling or alteration of existing school facilities (including the acquisition, installation, modernization, or replacement of instructional equipment) and the lease or purchase of mobile classroom units or other mobile education facilities.

Restriction.

In the case of programs, projects, or activities involving activities described in paragraph (12), the inclusion of such activities must be found to be a necessary component of, or necessary to facilitate, a program or project involving other activities described in this subsection or subsection (b), and in no case involve an expenditure in excess of 10 per centum of the amount made available to the applicant to carry out the program, project, or activity. The Assistant Secretary shall by regulation define the term "repair or minor remodeling or alteration".

Definition by regulation.

(b) Sums reserved under section 705(a)(2) with respect to any State shall be available for grants to, and contracts with, local educational agencies in that State making application for assistance under section 706(b) to carry out innovative pilot programs and projects which are specifically designed to assist in overcoming the adverse effects of minority group isolation, by improving the educational achievement of children in minority group isolated schools, including only the activities described in paragraphs (1) through (12) of subsection (a), as they may be used to accomplish such purpose.

SPECIAL PROGRAMS AND PROJECTS

Grants, contract authority.

SEC. 708. (a)(1) Amounts reserved by the Assistant Secretary pursuant to section 704(b)(2), which are not designated for the purposes of clause (A) or (B) thereof, or for section 713 shall be available to him for grants and contracts under this subsection.

(2) The Assistant Secretary is authorized to make grants to, and contracts with, State and local educational agencies, and other public agencies and organizations (or a combination of such agencies and organizations) for the purpose of conducting special programs and projects carrying out activities otherwise authorized by this title, which the Assistant Secretary determines will make substantial progress toward achieving the purposes of this title.

(b)(1) From not more than one-half of the sums reserved pursuant to section 705(a)(3), the Assistant Secretary, in cases in which he finds that it would effectively carry out the purpose of this title stated in section 702(b), may assist by grant or contract any public or private nonprofit agency, institution, or organization (other than a local educational agency) to carry out programs or projects designed to support the development or implementation of a plan, program, or activity described in section 706(a).

(2) From the remainder of the sums reserved pursuant to section 705(a)(3), the Assistant Secretary is authorized to make grants to, and contracts with, public and private nonprofit agencies, institutions, and organizations (other than local educational agencies and nonpublic elementary and secondary schools) to carry out programs or projects designed to support the development or implementation of a plan, program, or activity described in section 706(a).

Bilingual education.

(c)(1) The Assistant Secretary shall carry out a program to meet the needs of minority group children who are from an environment in which a dominant language is other than English and who, because of language barriers and cultural differences, do not have equality of educational opportunity. From the amount reserved pursuant to section 704(b)(2)(A), the Assistant Secretary is authorized to make grants to, and contracts with—

(A) private nonprofit agencies, institutions, and organizations to develop curricula, at the request of one or more educational agencies which are eligible for assistance under section 706, designed to meet the special educational needs of minority group children who are from environments in which a dominant language is other than English, for the development of reading, writing, and speaking skills, in the English language and in the language of their parents or grandparents, and to meet the educational needs of such children and their classmates to understand the history and cultural background of the minority groups of which such children are members;

(B) local educational agencies eligible for assistance under section 706 for the purpose of engaging in such activities; or

(C) local educational agencies which are eligible to receive assistance under section 706, for the purpose of carrying out activities authorized under section 707(a) of this title to implement curricula developed under clauses (A) and (B) or curricula otherwise developed which the Assistant Secretary determines meets the purposes stated in clause (A).

In making grants and contracts under this paragraph, the Assistant Secretary shall assure that sufficient funds from the amount reserved pursuant to section 704(b)(2)(A) remain available to provide for grants and contracts under clause (C) of this paragraph for implementation of such curricula as the Assistant Secretary determines meet the purposes stated in clause (A) of this paragraph. In making a grant or contract under clause (C) of this paragraph, the Assistant Secretary shall take whatever action is necessary to assure that the implementation plan includes provisions adequate to insure training of teachers and other ancillary educational personnel.

Eligibility, program committee.

(2)(A) In order to be eligible for a grant or contract under this subsection—

(i) a local educational agency must establish a program or project committee meeting the requirements of subparagraph (B), which will fully participate in the preparation of the application under this subsection and in the implementation of the program or project and join in submitting such application; and

(ii) a private nonprofit agency, institution, or organization must (I) establish a program or project board of not less than ten members which meets the requirements of subparagraph (B) and which shall exercise policymaking authority with respect to the program or project and (II) have demonstrated to the Assistant Secretary that it has the capacity to obtain the services of adequately trained and qualified staff.

(B) A program or project committee or board, established pursuant to subparagraph (A) must be broadly representative of parents, school officials, teachers, and interested members of the community or communities to be served, not less than half of the members of which shall be parents and not less than half of the members of which shall be members of the minority group the educational needs of which the program or project is intended to meet.

(3) All programs or projects assisted under this subsection shall be specifically designed to complement any programs or projects carried out by the local educational agency under section 706. The Assistant Secretary shall insure that programs of Federal financial assistance related to the purposes of this subsection are coordinated and carried out in a manner consistent with the provisions of this subsection, to the extent consistent with other law.

METROPOLITAN AREA PROJECTS

SEC. 709. (a) Sums reserved pursuant to section 704(b)(1) shall be available for the following purposes:

(1) A program of grants to, and contracts with, local educational agencies which are eligible under section 706(a)(2) in order to assist them in establishing and maintaining integrated schools as defined in section 720(6).

(2) A program of any grant to groups of local educational agencies located in a Standard Metropolitan Statistical Area for the joint development of a plan to reduce and eliminate minority group isolation, to the maximum extent possible, in the public elementary and secondary schools in the Standard Metropolitan Statistical Area, which shall, as a minimum, provide that by a date certain, but in no event later than July 1, 1983, the percentage of minority group children enrolled in each school in the Standard Metropolitan Statistical Area shall be at least 50 per centum of the percentage of minority group children enrolled in all the schools in the Standard Metropolitan Statistical Area. No grant may be made under this paragraph unless—

Restriction.

(A) two-thirds or more of the local educational agencies in the Standard Metropolitan Statistical Area have approved the application, and

(B) the number of students in the schools of the local educational agencies which have approved the application constitutes two-thirds or more of the number of students in the schools of all the local educational agencies in the Standard Metropolitan Statistical Area.

(3) A program of grants to local educational agencies to pay all or part of the cost of planning and constructing integrated education parks. For the purpose of this paragraph, the term "education park" means a school or cluster of such schools located on a common site, within a Standard Metropolitan Statistical Area, of sufficient size to achieve maximum economy of scale consistent with sound educational practice, providing secondary education, with an enrollment in which a substantial proportion of the children is from educationally advantaged backgrounds, and which is representative of the minority group and nonminority group children in attendance at the schools of the local educational agencies in the Standard Metropolitan Statistical Area, or, if the applicant is a single local educational agency, representative of that of the local educational agency, and a faculty and administrative staff with substantial representation of minority group persons.

"Education park."

(b) In making grants and contracts under this section, the Assistant Secretary shall insure that at least one grant shall be for the purposes of paragraph (2) of subsection (a).

APPLICATIONS

Sec. 710. (a) Any local educational agency desiring to receive assistance under this title for any fiscal year shall submit to the Assistant Secretary an application therefor for that fiscal year at such time, in such form, and containing such information as the Assistant Secretary shall require by regulation. Such application, together with all correspondence and other written materials relating thereto, shall be made readily available to the public by the applicant and by the Assistant Secretary. The Assistant Secretary may approve such an application only if he determines that such application—

Public information.

Approval, conditions.

(1) in the case of applications under section 706, sets forth a program under which, and such policies and procedures as will assure that, (A) the applicant will use the funds received under this title only for the activities set forth in section 707 and (B) in the case of an application under section 706(b), the applicant will initiate or expand an innovative program specifically designed to meet the educational needs of children attending one or more minority group isolated schools;

(2) has been developed—

Public hearings.

(A) in open consultation with parents, teachers, and, where applicable, secondary school students, including public hearings at which such persons have had a full opportunity to understand the program for which assistance is being sought and to offer recommendations thereon, and

Parental committee.

(B) except in the case of applications under section 708(c), with the participation of a committee composed of parents of children participating in the program for which assistance is sought, teachers, and, where applicable, secondary school students, of which at least half the members shall be such parents, and at least half shall be persons from minority groups;

(3) sets forth such policies and procedures as will insure that the program for which assistance is sought will be operated in consultation with, and with the involvement of, parents of the children and representatives of the area to be served, including the committee established for the purposes of clause (2)(B);

(4) sets forth such policies and procedures, and contains such information, as will insure that funds paid to the applicant under the application will be used solely to pay the additional cost to the applicant in carrying out the plan, program, and activity described in the application;

(5) contains such assurances and other information as will insure that the program for which assistance is sought will be administered by the applicant, and that any funds received by the applicant, and any property derived therefrom, will remain under the administration and control of the applicant;

(6) sets forth assurances that the applicant is not reasonably able to provide, out of non-Federal sources, the assistance for which the application is made;

Freedom of choice.

(7) provides that the plan with respect to which such agency is seeking assistance (as specified in section 706(a)(1)(A) does not involve freedom of choice as a means of desegregation, unless the Assistant Secretary determines that freedom of choice has achieved, or will achieve, the complete elimination of a dual school system in the school district of such agency;

(8) provides assurances that for each academic year for which assistance is made available to the applicant under this title such agency has taken or is in the process of taking all practicable steps to avail itself of all assistance for which it is eligible under any program administered by the Commissioner;

(9) provides assurances that such agency will carry out, and comply with, all provisions, terms, and conditions of any plan, program, or activity as described in section 706 or section 708(c) upon which a determination of its eligibility for assistance under this title is based;

Non-Federal funds, supplantation, prohibition.

(10) sets forth such policies and procedures, and contains such information, as will insure that funds made available to the applicant (A) under this title will be so used (i) as to supplement and, to the extent practicable, increase the level of funds that would, in the absence of such funds, be made available from non-Federal sources for the purposes of the program for which assistance is sought, and for promoting the integration of the schools of the applicant, and for the education of children participating in such program, and (ii) in no case, as to supplant such funds from non-Federal sources, and (B) under any other law of the United States will, in accordance with standards established by regulation, be used in coordination with such programs to the extent consistent with such other law;

(11) in the case of an application for assistance under section 706, provides that the program, project, or activity to be assisted will involve an additional expenditure per pupil to be served, determined in accordance with regulations prescribed by the Assistant Secretary, of sufficient magnitude to provide reasonable assurance that the desired funds under this title will not be dispersed in such a way as to undermine their effectiveness;

Private schools.

(12) provides that (A) to the extent consistent with the number of minority group children in the area to be served who are enrolled in private nonprofit elementary and secondary schools which are operated in a manner free from discrimination on the basis of race, color, or national origin, and which do not serve as alternatives for children seeking to avoid attendance in desegregated or integrated public schools, whose participation would assist in achieving the purpose of this title stated in section 702(b) provides assurance that such agency (after consultation with the appropriate private school officials) has made provision for their participation on an equitable basis, and (B) to the extent consistent with the number of children, teachers, and other educational staff in the school district of such agency enrolled or employed in private nonprofit elementary and secondary schools whose participation would assist in achieving the purpose of this title stated in section 702(b) or, in the case of an application under section 708(c), would assist in meeting the needs described in that subsection, such agency (after consultation with the appropriate private school officials) has made provisions for their participation on an equitable basis;

(13) provides that the applicant has not reduced its fiscal effort for the provision of free public education for children in attendance at the schools of such agency for the fiscal year for which assistance is sought under this title to less than that of the second preceding fiscal year, and that the current expenditure per pupil which such agency makes from revenues derived from its local sources for the fiscal year for which assistance under this title will be made available to such agency is not less than such expenditure per pupil which such agency made from such revenues for (A) the fiscal year preceding the fiscal year during which the implementation of a plan described in section 706(a)(1)(A) was commenced, or (B) the third fiscal year preceding the fiscal year for which such assistance will be made available under this title, whichever is later;

(14) provides that the appropriate State educational agency has been given reasonable opportunity to offer recommendations to the applicant and to submit comments to the Assistant Secretary;

(15) sets forth effective procedures, including provisions for objective measurement of change in educational achievement and other change to be effected by programs conducted under this title, for the continuing evaluation of programs, projects, or activities under this title, including their effectiveness in achieving clearly stated program goals, their impact on related programs and upon the community served, and their structure and mechanisms for the delivery of services, and including, where appropriate, comparisons with proper control groups composed of persons who have not participated in such programs or projects; and

Reports.

(16) provides (A) that the applicant will make periodic reports at such time, in such form, and containing such information as the Assistant Secretary may require by regulation, which regulation may require at least—

(i) in the case of reports relating to performance, that the reports be consistent with specific criteria related to the program objectives, and

(ii) that the reports include information relating to educational achievement of children in the schools of the applicant,

Records, accessibility.

and (B) that the applicant will keep such records and afford such access thereto as—

(i) will be necessary to assure the correctness of such reports and to verify them, and

(ii) will be necessary to assure the public adequate access to such reports and other written materials.

Committee comments, hearing opportunity.

(b) No application under this section may be approved which is not accompanied by the written comments of a committee established pursuant to clause (2)(B) of subsection (a). The Assistant Secretary shall not approve an application without first affording the committee an opportunity for an informal hearing if the committee requests such a hearing.

(c) In approving applications submitted under this title (except for those submitted under sections 708 (b) and (c) and 711), the Assistant Secretary shall apply only the following criteria:

(1) the need for assistance, taking into account such factors as—

(A) the extent of minority group isolation (including the number of minority group isolated children and the relative concentration of such children) in the school district to be served as compared to other school districts in the State,

(B) the financial need of such school district as compared to other school districts in the State,

(C) the expense and difficulty of effectively carrying out a plan or activity described in section 706 or a program described in section 708(a) in such school district as compared to other school districts in the State, and

(D) the degree to which measurable deficiencies in the quality of public education afforded in such school district exceed those of other school districts within the State;

(2) the degree to which the plan or activity described in section 706(a), and the program or project to be assisted, or the program described in section 708(a) are likely to effect a decrease in minority group isolation in minority group isolated schools, or in the case of applications submitted under section 706 (a)(1)(C)(iii), the degree to which the plan and the program or project, are likely to prevent minority group isolation from occurring or increasing (in the absence of assistance under this title);

(3) the extent to which the plan or activity described in section 706 constitutes a comprehensive districtwide approach to the elimination of minority groups isolation, to the maximum extent practicable, in the schools of such school district;

(4) the degree to which the program, project, or activity to be assisted affords promise of achieving the purpose of this title stated in section 702(b);

(5) that (except in the case of an application submitted under section 708(a)) the amount necessary to carry out effectively the project or activity does not exceed the amount available for assistance in the State under this title in relation to the other applications from the State pending before him; and

(6) the degree to which the plan or activity described in section 706 involves to the fullest extent practicable the total educational resources, both public and private, of the community to be served.

(d)(1) The Assistant Secretary shall not give less favorable consideration to the application of a local educational agency (including an agency currently classified as legally desegregated by the Secretary) which has voluntarily adopted a plan qualified for assistance under this title (due only to the voluntary nature of the action) than to the application of a local educational agency which has been legally required to adopt such a plan.

(2) The Assistant Secretary shall not finally disapprove in whole or in part any application for funds submitted by a local educational agency without first notifying the local educational agency of the specific reasons for his disapproval and without affording the agency an appropriate opportunity to modify its application.

(e) The Assistant Secretary may, from time to time, set dates by which applications shall be filed.

(f) In the case of an application by a combination of local educational agencies for jointly carrying out a program or project under this title, at least one such agency shall be a local educational agency described in section 706(a) or section 708 (a) or (c) and any one or more of such agencies joining in such application may be authorized to administer such program or project.

(g) No State shall reduce the amount of State aid with respect to the provision of free public education in any school district of any local educational agency within such State because of assistance made or to be made available to such agency under this title.

EDUCATIONAL TELEVISION

Sec. 711. (a) The sums reserved pursuant to section 704(b)(2)(B) for the purpose of carrying out this section shall be available for grants and contracts in accordance with subsection (b).

(b)(1) The Assistant Secretary shall carry out a program of making grants to, or contracts with, not more than ten public or private nonprofit agencies, institutions, or organizations with the capability of providing expertise in the development of television programing, in sufficient number to assure diversity, to pay the cost of development and production of integrated children's television programs of cognitive and effective educational value.

(2) Television programs developed in whole or in part with assistance provided under this title shall be made reasonably available for transmission, free of charge, and shall not be transmitted under commercial sponsorship.

(3) The Assistant Secretary may approve an application under this section only if he determines that the applicant—

(A) will employ members of minority groups in responsible positions in development, production, and administrative staffs;

(B) will use modern television techniques of research and production; and

(C) has adopted effective procedures for evaluating education and other change achieved by children viewing the program.

PAYMENTS

Sec. 712. (a) Upon his approval of an application for assistance under this title, the Assistant Secretary shall reserve from the applicable apportionment (including any applicable reapportionment) available therefor the amount fixed for such application.

(b) The Assistant Secretary shall pay to the applicant such reserved amount, in advance or by way of reimbursement, and in such installments consistent with established practice, as he may determine.

(c)(1) If a local educational agency in a State is prohibited by law from providing for the participation of children and staff enrolled or employed in private nonprofit elementary and secondary schools as required by paragraph (12) of section 710(a), the Assistant Secretary may waive such requirement with respect to local educational agencies in such State and, upon the approval of an application from a local educational agency within such State, shall arrange for the provision of services to such children enrolled in, or teachers or other educational staff of, any nonprofit private elementary or secondary school located within the school district of such agency if the participation of such children and staff would assist in achieving the purpose of this title stated in section 702(b) or in the case of an application under section 708(c) would assist in meeting the needs described in that subsection. The services to be provided through arrangements made by the Assistant Secretary under this paragraph shall be comparable to the services to be provided by such local educational agency under such application. The Assistant Secretary shall pay the cost of such arrangements from such State's allo[illegible]he case of an application under section 708(c), from the fu[illegible]rved under section 704(b)(2)(A), or in case of an application under section 708(a), from the sums available to the Assistant Secretary under section 704(b)(2) for the purpose of that subsection.

(2) In determining the amount to be paid pursuant to paragraph (1), the Assistant Secretary shall take into account the number of children and teachers and other educational staff who, except for provisions of State law, might reasonably be expected to participate in the program carried out under this title by such local educational agency.

(3) If the Assistant Secretary determines that a local educational agency has substantially failed to provide for the participation on an equitable basis of children and staff enrolled or employed in private nonprofit elementary and secondary schools as required by paragraph (12) of section 710(a) he shall arrange for the provision of services to children enrolled in, or teachers or other educational staff of, the nonprofit private elementary or secondary school or schools located within the school district of such local educational agency, which services shall, to the maximum extent feasible, be identical with the services which would have been provided such children or staff had the local educational agency carried out such assurance. The Assistant Secretary shall pay the cost of such services from the grant to such local educational agency and shall have the authority for this purpose of recovering from such agency any funds paid to it under such grant.

(d) After making a grant or contract under this title, the Assistant Secretary shall notify the appropriate State educational agency of the name of the approved applicant and of the amount approved.

EVALUATIONS

SEC. 713. The Assistant Secretary is authorized to reserve not in excess of 1 per centum of the sums appropriated under this title, and reserved pursuant to section 704(b)(2), for any fiscal year for the purposes of this section. From such reservation, the Assistant Secretary is authorized to make grants to, and contracts with, State educational agencies, institutions of higher education and private organizations, institutions, and agencies, including committees established pursuant to section 710(a)(2) for the purpose of evaluating specific programs and projects assisted under this title.

REPORTS

SEC. 714. The Assistant Secretary shall make periodic detailed reports concerning his activities in connection with the program authorized by this title and the program carried out with appropriations under the paragraph headed "Emergency School Assistance" in the Office of Education Appropriations Act, 1971 (Public Law 91-380), and the effectiveness of programs and projects assisted under this title in achieving the purpose of this title stated in section 702(b). Such reports shall contain such information as may be necessary to permit adequate evaluation of the program authorized by this title, and shall include application forms, regulations, program guides, and guidelines used in the administration of the program. The report shall be submitted to the President and to the Committee on Labor and Public Welfare of the Senate and the Committee on Education and Labor of the House of Representatives. The first report submitted pursuant to this section shall be submitted no later than ninety days after the enactment of this title. Subsequent reports shall be submitted no less often than two times annually.

84 Stat. 803.

Report to President and congressional committees.

JOINT FUNDING

SEC. 715. Pursuant to regulations prescribed by the President, where funds are advanced under this title, and by one or more other Federal agencies for any project or activity funded in whole or in part under this title, any one of such Federal agencies may be designated to act for all in administering the funds advanced. In such cases, any such agency may waive any technical grant or contract requirement (as defined by regulations) which is inconsistent with the similar requirements of the administering agency or which the administering agency does not impose. Nothing in this section shall be construed to authorize (1) the use of any funds appropriated under this title for any purpose not authorized herein, (2) a variance of any reservation or apportionment under section 704 or 705, or (3) waiver of any requirement set forth in sections 706 through 711.

Waiver.

NATIONAL ADVISORY COUNCIL

SEC. 716. (a) There is hereby established a National Advisory Council on Equality of Educational Opportunity, consisting of fifteen members, at least one-half of whom shall be representative of minority groups, appointed by the President, which shall—

Establishment.

(1) advise the Assistant Secretary with respect to the operation of the program authorized by this title, including the preparation of regulations and the development of criteria for the approval of applications;

(2) review the operation of the program (A) with respect to its effectiveness in achieving its purpose as stated in section 702(b), and (B) with respect to the Assistant Secretary's conduct in the administration of the program;

(3) meet not less than four times in the period during which the program is authorized, and submit through the Secretary, to the Congress at least two interim reports, which reports shall include a statement of its activities and of any recommendations it may have with respect to the operation of the program; and

(4) not later than December 1, 1973, submit to the Congress a final report on the operation of the program.

Report to Congress.

(b) The Assistant Secretary shall submit an estimate in the same manner provided under section 400(c) and part D of the General Education Provisions Act to the Congress for the appropriations necessary for the Council created by subsection (a) to carry out its functions.

Ante, pp. 326, 327.

GENERAL PROVISIONS

Ante, p. 326.

SEC. 717. (a) The provisions of parts C and D of the General Education Provisions Act shall apply to the program of Federal assistance authorized under this title as if such program were an applicable program under such General Education Provisions Act, and the Assistant Secretary shall have the authority vested in the Commissioner of Education by such parts with respect to such program.

Ante, p.354.
80 Stat. 1066.
20 USC 1171 note.

(b) Section 422 of such General Education Provisions Act is amended by inserting "the Emergency School Aid Act;" after "the International Education Act of 1966;".

ATTORNEY FEES

78 Stat. 252.
42 USC 2000d.
USC prec. title 1.

SEC. 718. Upon the entry of a final order by a court of the United States against a local educational agency, a State (or any agency thereof), or the United States (or any agency thereof), for failure to comply with any provision of this title or for discrimination on the basis of race, color, or national origin in violation of title VI of the Civil Rights Act of 1964, or the fourteenth amendment to the Constitution of the United States as they pertain to elementary and secondary education, the court, in its discretion, upon a finding that the proceedings were necessary to bring about compliance, may allow the prevailing party, other than the United States, a reasonable attorney's fee as part of the costs.

NEIGHBORHOOD SCHOOLS

SEC. 719. Nothing in this title shall be construed as requiring any local educational agency which assigns students to schools on the basis of geographic attendance areas drawn on a racially nondiscriminatory basis to adopt any other method of student assignment.

DEFINITIONS

SEC. 720. Except as otherwise specified, the following definitions shall apply to the terms used in this title:

(1) The term "Assistant Secretary" means the Assistant Secretary of Health, Education, and Welfare for Education.

(2) The term "current expenditure per pupil" for a local educational agency means (1) the expenditures for free public education, including expenditures for administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities, but not including expenditures for community services, capital outlay and debt service, or any expenditure made from funds granted under such Federal program of assistance as the Secretary may prescribe, divided by (2) the number of children in average daily attendance to whom such agency provided free public education during the year for which the computation is made.

(3) The term "elementary school" means a day or residential school which provides elementary education, as determined under State law.

(4) The term "equipment" includes machinery, utilities and built-in equipment and any necessary enclosures or structures to house them, and includes all other items necessary for the provision of educational services, such as instructional equipment and necessary furniture, printed, published, and audiovisual instructional materials, and other related material.

(5) The term "institution of higher education" means an educational institution in any State which—

(A) admits as regular students only individuals having a certificate of graduation from a high school, or the recognized equivalent of such a certificate;

(B) is legally authorized within such State to provide a program of education beyond high school;

(C) provides an educational program for which it awards a bachelor's degree; or provides not less than a two-year program which is acceptable for full credit toward such a degree, or offers a two-year program in engineering, mathematics, or the physical or biological sciences which is designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or other technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge;

(D) is a public or other nonprofit institution; and

(E) is accredited by a nationally recognized accrediting agency or association listed by the Commissioner for the purposes of this paragraph.

(6) For the purpose of section 706(a)(2) and section 709(a)(1), the term "integrated school" means a school with an enrollment in which a substantial proportion of the children is from educationally advantaged backgrounds, in which the proportion of minority group children is at least 50 per centum of the proportion of minority group children enrolled in all schools of the local educational agencies within the Standard Metropolitan Statistical Area, and which has a faculty and administrative staff with substantial representation of minority group persons.

(7) For the purpose of section 706(a)(3), the term "integrated school" means a school with (i) an enrollment in which a substantial proportion of the children is from educationally advantaged backgrounds, and in which the Assistant Secretary determines that the number of nonminority group children constitutes that proportion of the enrollment which will achieve stability, in no event more than 65 per centum thereof, and (ii) a faculty which is representative of the minority group and nonminority group population of the larger community in which it is located, or, whenever the Assistant Secretary determines that the local educational agency concerned is attempting to increase the proportions of minority group teachers, supervisors, and administrators in its employ, a faculty which is representative of the minority group and nonminority group faculty employed by the local educational agency.

(8) The term "local educational agency" means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a State, or a federally recognized Indian reservation, or such combination of school districts, or counties as are recognized in a State as an administrative agency for its public elementary or secondary schools, or a combination of local educational agencies; and includes any other public institution or agency having administrative control and direction of a public elementary or secondary school and where responsibility for the control and direction of the activities in such schools which are to be assisted under this title is vested in an agency subordinate to such a board or other authority, the Assistant Secretary may consider such subordinate agency as a local educational agency for purpose of this title.

(9)(A) The term "minority group" refers to (i) persons who are Negro, American Indian, Spanish-surnamed American, Portuguese, Oriental, Alaskan natives, and Hawaiian natives and (ii) (except for the purposes of section 705), as determined by the Assistant Secretary, persons who are from environments in which a dominant language is other than English and who, as a result of language barriers and cultural differences, do not have an equal educational opportunity, and (B) the term "Spanish-surnamed American" includes persons of Mexican, Puerto Rican, Cuban, or Spanish origin or ancestry.

(10) The terms "minority group isolated school" and "minority group isolation" in reference to a school mean a school and condition, respectively, in which minority group children constitute more than 50 per centum of the enrollment of a school.

(11) The term "nonprofit" as applied to a school, agency, organization, or institution means a school, agency, organization, or institution owned and operated by one or more nonprofit corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

(12) The term "secondary school" means a day or residential school which provides secondary education, as determined under State law, except that it does not include any education provided beyond grade 12.

(13) The term "Standard Metropolitan Statistical Area" means the area in and around a city of fifty thousand inhabitants or more as defined by the Office of Management and Budget.

(14) The term "State" means one of the fifty States or the District of Columbia, and for purposes of section 708(a), Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands shall be deemed to be States.

(15) The term "State educational agency" means the State board of education or other agency or officer primarily responsible for the State supervision of public elementary and secondary schools, or, if there is no such officer or agency, an officer or agency designated by the Governor or by State law for this purpose.

CIVIL RIGHTS ACT OF 1964

(P.L. 88-352)

TITLE IV—DESEGREGATION OF PUBLIC EDUCATION

DEFINITIONS

SEC. 401. As used in this title—

(a) "Commissioner" means the Commissioner of Education.

(b) "Desegregation" means the assignment of students to public schools and within such schools without regard to their race, color, religion, or national origin, but "desegregation" shall not mean the assignment of students to public schools in order to overcome racial imbalance.

(c) "Public school" means any elementary or secondary educational institution, and "public college" means any institution of higher education or any technical or vocational school above the secondary school level, provided that such public school or public college is operated by a State, subdivision of a State, or governmental agency within a State, or operated wholly or predominantly from or through the use of governmental funds or property, or funds or property derived from a governmental source.

(d) "School board" means any agency or agencies which administer a system of one or more public schools and any other agency which is responsible for the assignment of students to or within such system.

SURVEY AND REPORT OF EDUCATIONAL OPPORTUNITIES

SEC. 402. The Commissioner shall conduct a survey and make a report to the President and the Congress, within two years of the enactment of this title, concerning the lack of availability of equal educational opportunities for individuals by reason of race, color, religion, or national origin in public educational institutions at all levels in the United States, its territories and possessions, and the District of Columbia.

TECHNICAL ASSISTANCE

SEC. 403. The Commissioner is authorized, upon the application of any school board, State, municipality, school district, or other governmental unit legally responsible for operating a public school or schools, to render technical assistance to such applicant in the preparation, adoption, and implementation of plans for the desegregation of public schools. Such technical assistance may, among other activities, include making available to such agencies information regarding effective methods of coping with special educational problems occasioned by desegregation, and making available to such agencies personnel of the Office of Education or other persons specially equipped to advise and assist them in coping with such problems.

TRAINING INSTITUTES

SEC. 404. The Commissioner is authorized to arrange, through grants or contracts, with institutions of higher education for the operation of short-term or regular session institutes for special training designed to improve the ability of teachers, supervisors, counselors, and other elementary or secondary school personnel to deal effectively with special educational problems occasioned by desegregation. Individuals who attend such an institute on a full-time basis may be paid stipends for the period of their attendance at such institute in amounts specified by the Commissioner in regulations, including allowances for travel to attend such institute.

GRANTS

SEC. 405. (a) The Commissioner is authorized, upon application of a school board, to make grants to such board to pay, in whole or in part, the cost of—

(1) giving to teachers and other school personnel inservice training in dealing with problems incident to desegregation, and

(2) employing specialists to advise in problems incident to desegregation.

(b) In determining whether to make a grant, and in fixing the amount thereof and the terms and conditions on which it will be made, the Commissioner shall take into consideration the amount available for grants under this section and the other applications which are pending before him; the financial condition of the applicant and the other resources available to it; the nature, extent, and gravity of its problems incident to desegregation; and such other factors as he finds relevant.

PAYMENTS

SEC. 406. Payments pursuant to a grant or contract under this title may be made (after necessary adjustments on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and in such installments, as the Commissioner may determine.

SUITS BY THE ATTORNEY GENERAL

SEC. 407. (a) Whenever the Attorney General receives a complaint in writing—

(1) signed by a parent or group of parents to the effect that his or their minor children, as members of a class of persons similarly situated, are being deprived by a school board of the equal protection of the laws, or

(2) signed by an individual, or his parent, to the effect that he has been denied admission to or not permitted to continue in attendance at a public college by reason of race, color, religion, or national origin.

and the Attorney General believes the complaint is meritorious and certifies that the signer or signers of such complaint are unable, in his judgment, to initiate and maintain appropriate legal proceedings for relief and that the institution of an action will materially further the orderly achievement of desegregation in public education, the Attorney General is authorized, after giving notice of such complaint to the appropriate school board or college authority and after certifying that he is satisfied that such board or authority has had a reasonable time to adjust the conditions alleged in such complaint, to institute for or in the name of the United States a civil action in any appropriate district court of the United States against such parties and for such relief as may be appropriate, and such court shall have and shall exercise jurisdiction of proceedings instituted pursuant to this section, provided that nothing herein shall empower any official or court of the United States to issue any order seeking to achieve a racial balance in any school by requiring the transportation of pupils or students from one school to another or one school district to another in order to achieve such racial balance, or otherwise enlarge the existing power of the court to insure compliance with constitutional standards. The Attorney General may implead as defendants such additional parties as are or become necessary to the grant of effective relief hereunder.

(b) The Attorney General may deem a person or persons unable to initiate and maintain appropriate legal proceedings within the meaning of subsection (a) of this section when such person or persons are unable, either directly or through other interested persons or organizations, to bear the expense of the litigation or to obtain effective legal representation; or whenever he is satisfied that the institution of such litigation would jeopardize the personal safety, employment, or economic standing of such person or persons, their families, or their property.

(c) The term "parent" as used in this section includes any person standing in loco parentis. A "complaint" as used in this section is a writing or document within the meaning of section 1001, title 18, United States Code.

SEC. 408. In any action or proceeding under this title the United States shall be liable for costs the same as a private person.

SEC. 409. Nothing in this title shall affect adversely the right of any person to sue for or obtain relief in any court against discrimination in public education.

SEC. 410. Nothing in this title shall prohibit classification and assignment for reasons other than race, color, religion, or national origin.

(42 U.S.C. 2000c–2000c–9) Enacted July 2, 1964, P.L. 88–352, Title IV, 78 Stat. 246.

Emergency School Assistance

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1965	$ 6,000,000	$ 6,000,000	$ 6,000,000	$ 6,000,000
1966	9,300,000	5,500,000	6,275,000	6,275,000
1967	9,650,000	6,535,000	6,535,000	6,535,000
1968	28,100,000	8,500,000	8,500,000	8,500,000
1969	13,100,000	8,500,000	10,000,000	9,250,000
1970	17,150,000	10,500,000	17,150,000	12,000,000
1971	166,200,000	16,000,000 1/	163,900,000	88,900,000
1972	86,602,000	86,602,000	86,602,000	86,602,000
1973-Supplemental	487,500,000	2/	270,640,000	270,640,000
1974	270,640,000			

1/ House did not consider emergency school aid portion.
2/ House did not consider due to lack of authorizing legislation.

NOTE: Amounts for 1965 through 1973 reflect comparability with the 1974 estimate.

Justification

Emergency School Assistance

	1973 Estimate	1974 Estimate	Increase or Decrease
Special projects:			
(a) Metropolitan area projects.....	$ 11,397,000	$ 12,447,000	+ 1,050,000
(b) Bilingual education projects.....................	9,117,000	9,958,000	+ 841,000
(c) Educational television.........	6,838,000	7,468,000	+ 630,000
(d) Special programs and projects.....................	11,397,000	12,447,000	+ 1,050,000
(e) Evaluation.....................	2,280,000	2,489,000	+ 209,000
State apportionment:			
(a) Pilot programs.................	34,191,000	37,341,000	+ 3,150,000
(b) Special programs and projects.....................	18,235,000	19,915,000	+ 1,680,000
(c) General grants to local educational agencies.........	134,485,000	146,875,000	+12,390,000
Training and advisory services (Civil Rights Act)..................	21,700,000	21,700,000	---
Temporary emergency school assistance program........................	21,000,000	---	-21,000,000
Total..........................	270,640,000	270,640,000	---

General Statement

The Emergency School Aid Act of 1972 (Title VII, P.L. 92-318) authorizes $1 billion to be appropriated for fiscal year 1973, and again for fiscal year 1974, to aid the process of eliminating or preventing minority group isolation and improving the quality of education for all children. Under a consolidated request covering the temporary emergency school assistance program, the Emergency School Aid Act, and Title IV of the 1964 Civil Rights Act (P.L. 88-352), $270,640,000 was appropriated for fiscal year 1973. $270,640,000 is also requested for this program in fiscal year 1974.

Background

Prior to 1970, Federal desegregation assistance was limited to the support of activities prescribed under Title IV of the Civil Rights Act. Although numerous awards for advisory specialists and in-service teacher training programs had been made during the period 1965 through 1970, this type of assistance could not be used to support community activities, remedial programs, or other necessary services and activities. During 1969, however, a greater number of individual school districts were brought under court order to immediately desegregate than at any previous time. From these school districts, in increasing numbers, came requests, pleas, and occasional demands for assistance in meeting the many problems incident to disestablishment of dual school systems.

Under the interim Emergency School Assistance Program in fiscal years 1971 and 1972, the President carried out his pledge to provide emergency assistance to school districts which were either under court order or implementing a voluntary plan to eliminate de jure segregation. Under ESAP I (fiscal year 1971) and II (fiscal year 1972), as these programs for interim assistance were called, the following numbers of grant awards were made:

	ESAP I (1971)		ESAP II (1972)	
	No.	Amount	No.	Amount
School Districts	900	$63,324,000	452	$63,906,000
Community Groups	156	7,372,000	142	6,824,000

Concurrently, and as a complementary activity, the program of desegregation assistance authorized by Title IV of the Civil Rights Act of 1964 was continued to provide training and/or technical assistance services for desegregating school districts. In fiscal year 1971, 215 awards totaling $15.9 million were made for these purposes; in fiscal year 1972, there were 183 awards totaling $14.5 million. This Title IV support significantly eased the difficulties of local educational agencies which were facing desegregation problems, but could not qualify for interim emergency school assistance program support.

Emergency School Aid Act

On June 23, 1972, the President signed into law P.L. 92-318 (The Education Amendments of 1972), which included, as Title VII, the Emergency School Aid Act (ESAA). The Act is to assist "the process of eliminating or preventing minority group isolation and improving the quality of education for all children." To achieve this goal, the Act apportions appropriated funds among the various provisions of the law in the following manner:

Project Category	% of Appropriations Reserved
1. Metropolitan area projects	5
2. Bilingual education projects	4
3. Educational television	3
4. Special programs and projects	5
5. Evaluation	1
6. Pilot programs	15*
7. Special programs and projects	8*
8. General grants to local educational agencies	59*
Total, ESAA	100

*To be apportioned among the States

	1973	1974	Increase or Decrease
1. Special projects:			
(a) Metropolitan area projects			
Non-competing continuations...	$ ---	$10,000,000	$+10,000,000
New...........................	11,397,000	2,447,000	$- 8,950,000
Total..................	$11,397,000	$12,447,000	$+ 1,050,000

Five percent of the funds available will be reserved for Metropolitan area projects, with the following three types of grants being awarded:

a. Grants to assist local education agencies located in Standard Metropolitan Statistical Areas (SMSA's) in transferring minority students from another local educational agency in the same Standard Metropolitan Statistical Area into their own for the purpose of establishing and maintaining intergrated schools.

b. Grants to groups of local educational agencies located in a Standard Metropolitan Statistical Area for the joint development of plans to reduce and eliminate minority group isolation, to the maximum extent possible, in the public elementary and secondary schools of the Standard Metropolitan Statistical Area;

c. Grants to local educational agencies to pay all or part of the cost of the planning and construction of intergrated education parks.

Funds for Metropolitan Area Projects are not to be apportioned among the States but will be administered on a national basis.

Accomplishments in 1973: The funds made available for this activity will be concentrated to support cooperative arrangements between school districts which promise to substantially reduce minority group isolation in specified Standard Metropolitan Statistical Areas through the establishment and maintenance of integrated schools. The specific activities to be supported will essentially be consistent with those under general grants to local educational agencies and pilot projects in the State apportionment activity. Some funds will be expended for developing Standard Metropolitan Statistical Area plans and for planning education parks, although the funds will not be used for actual construction of such facilities, which are extremely costly.

With an average award of $500,000 about 22 Metropolitan area projects will be funded in fiscal year 1973.

Objectives for 1974: Metro projects will be funded in fiscal year 1974 with the same criteria used in the preceding year. 25 projects, including 20 continuations, could be funded under these assumptions.

	1973	1974	Increase or Decrease
1. Special projects:			
(b) Bilingual education projects			
Non-competing continuations..	$ ---	$8,025,000	$+8,025,000
New..........................	9,117,000	1,933,000	-7,184,000
Total.................	$9,117,000	$9,958,000	$+ 841,000

Grants may also be awarded to local educational agencies for the purpose of developing or implementing bilingual/bicultural curricula which aid in the development of reading, writing, and speaking skills and enhance intercultural or inter-ethnic understanding. Such projects are intended to benefit minority group students who are from environments in which the dominant language is not English and also to benefit their English-dominant classmates. If specifically requested to do so by a local educational agency, a nonprofit agency, institute, or organization may be awarded direct assistance to develop bilingual/bicultural curricula. Four percent of the funds available will be reserved for Bilingual project grants. These funds are not to be apportioned among the States.

Accomplishments in 1973: The Emergency School Aid Act, complementing Title VII of the Elementary and Secondary Education Act, allows assistance to both local educational agencies and curriculum-development organizations for the purpose of minimizing cultural barriers to equal educational opportunity. Funds appropriated to this end will be focused on insuring the establishment of bilingual/bicultural programs. Supporting organizations will be funded only upon the specific request of one or more local educational agencies and at least 75 percent of the available bilingual funds will be reserved for local educational agency implementation of promising activities developed by either supporting organizations or the local educational agencies themselves.

Assuming an average local educational agency award of $150,000 and an average supporting organization award of $75,000, some 55 local educational agency projects and 10 supporting projects could be funded in fiscal year 1973, if eligibility and quality requirements are met. The bulk of these projects will serve Spanish-speaking Americans, the largest minority group whose dominant language is other than English.

Objectives for 1974: Bilingual projects will be funded in fiscal year 1974 with the same criteria used the preceding year. Assuming average awards of $150,000 (local educational agency) and $75,000 (supporting organization), about 60 local educational agency projects and 12 supporting projects could be awarded. These 72 awards would include an estimated 58 continuations.

	1973	1974	Increase or Decrease
I. Special projects:			
(c) Educational television			
Non-competing continuations...	$ ---	$5,128,000	$+5,128,000
New...........................	6,838,000	2,340,000	-4,498,000
Total....................	$6,838,000	$7,468,000	$+ 630,000

Three percent of the Emergency School Aid Act funds have been reserved for grants to be awarded for the development and production of integrated children's television programs of sound educational value. Programs developed from such grants must be made reasonably available for free transmission under noncommercial sponsorship.

Accomplishments in 1973: Experiences with successful prototypes such as "Sesame Street" will be drawn upon in programming these funds. Specifications will be developed for television programming which has positive cognitive and affective value and presents multi-ethnic children's activities. These specifications have been incorporated into a competitive grant program in which up to four grants will be made for the most promising approaches to a list of given categories.

Objectives for 1974: The grants awarded in fiscal year 1973 will be considered for continuation. However, new grants may be considered should it be obvious that more effective use of the funding available would result.

	1973	1974	Increase or Decrease
I. Special projects:			
(d) Special programs and projects			
Non-competing continuations..	$ ---	$ 7,500,000	$+7,500,000
New..........................	11,397,000	4,947,000	-6,450,000
Total................	$11,397,000	$12,447,000	$+1,050,000

Five percent of the funds available may be used for grants to and contracts with State and local educational agencies and other public agencies and organizations for the purpose of conducting special programs and projects, including activities otherwise authorized by the Emergency School Aid Act which will achieve the purposes of the Act.

Accomplishments in 1973: Specific programming of funds available under this activity must await a detailed assessment of desegregation needs not adequately met under other Emergency School Aid Act activities. With an average award of $150,000, about 75 special projects could be funded in fiscal year 1973.

Objectives for 1974: With an extension of fiscal year 1973 objectives and average funding levels, 80 special projects (including 50 continuations) could be funded in fiscal year 1974.

	1973	1974	Increase or Decrease
1. Special projects:			
(e) Evaluation			
Non-competing continuations...	$ ---	$1,140,000	$+1,140,000
New...........................	2,280,000	1,349,000	-931,000
Total..................	$2,280,000	$2,489,000	$+209,000

One percent of the funds available will be used to award grants or contracts for the evaluation of specific programs and projects funded under the Emergency School Aid Act.

Accomplishments in 1973: Approximately 10 evaluation projects will be mounted in fiscal year 1973 for an average grant size of $228,000. The activities are planned to include:

(a) A longitudinal evaluation of the Emergency School Aid Act Pilot programs (ESAA, Sec. 706(b)).

This will be a 3-year nationwide study involving about 40 school districts, 250 schools, and anticipated administration of over 97,000 achievement tests over the entire length of the study. In fiscal year 1973, the study design and planning will be refined and initial data collection is anticipated in the Spring of 1973.

(b) Evaluation of general grants to local educational agencies (Sec. 706(a)).

(c) Evaluation of Special programs and projects (Sec. 708(b)).

(d) Emergency School Aid Act Educational Television Study (Sec. 711).

(e) Various Emergency School Aid Act management studies.

Objectives for 1974: The overall objective of evaluation projects will continue to be to assess the effectiveness of Emergency School Assistance programs and ways of improving the programs.

Major attention will be paid to the implementation of the evaluation reports submitted in fiscal year 1973. Implications of these reports for the allocation of Emergency School Aid Act resources will be undertaken as a mutual activity of the evaluation staff and Emergency School Aid Act program staff in particular.

Other major objectives will be the continuation of the large-scale longitudinal studies of the Emergency School Aid Act pilot programs, general grants to local educational agencies, and the study of exemplary desegregated schools. Continuation of all of these studies will be contingent upon the quality of interim reports. The acceptance of reports of the other evaluation activities conducted in fiscal year 1973 and their dissemination and implementation will also be emphasized. An estimated 7 evaluation projects (including 5 continuations) are anticipated for fiscal year 1974 at an average contract award of $355,000.

	1973	1974	Increase or Decrease
2. State apportionment:			
(a) Pilot programs			
Non-competing continuations...	$ ---	$26,250,000	$+26,250,000
New..........................	34,191,000	11,091,000	-23,100,000
Total....................	$34,191,000	$37,341,000	$+ 3,150,000

Fifteen percent of the funds available under the Emergency School Aid Act will be apportioned among the States for grants to unusually promising projects which have been designed to overcome the adverse effects of minority group isolation by improving the academic achievement of children where the minority group enrollment is in excess of 50 percent or 15,000 children. In order to be eligible for a Pilot program grant, a local educational agency must be implementing a plan which would make it eligible for a General grant to a local educational agency.

Accomplishments in 1973: The objectives for this activity are the same as those for basic local educational agency projects, except that the focus will be on districts having either a minimum of 15,000 minority students or a minority enrollment of at least 50 percent. Further, the emphasis on compensatory educational services necessitates an even higher priority on basic instructional services than is the case with the basic grants.

Assuming an average award of approximately $175,000, approximately 200 districts could be supported under this activity. This total represents about 30% of the 700 districts estimated to be eligible for pilot project support.

Objectives for 1974: Pilot projects will continue to be funded in fiscal year 1974 with the same criteria as in the preceding year, but at a slightly reduced average award. Given this, some 250 projects (including 175 continuations) could be funded in fiscal year 1974 at an average award of $150,000.

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	1973	1974	Increase or Decrease
2. State apportionmemt:			
(b) Special programs and projects			
Non-competing continuations...	$ ---	$13,750,000	$+13,750,000
New............................	18,235,000	6,165,000	-12,070,000
Total..................	18,235,000	19,915,000	+1,680,000

Grants may be awarded to public or nonprofit private agencies, institutes, and organizations to carry out projects designed to support the development or implementation of an eligible local educational agency. However, local educational agencies themselves are not eligible to apply for grants under this program. Eight percent of the funds available under the Emergency School Aid Act will be reserved for grants to nonprofit groups. Nonpublic elementary and secondary schools which are nonprofit and nonsectarian will be considered to be nonprofit groups for the purposes of administering up to one-half of the funds reserved for this activity. As in the case of funds for General grants to local educational agencies and Pilot programs, funds for nonprofit groups (Special programs and projects) will be apportioned among the States.

Accomplishments in 1973: Under the interim emergency school assistance program activity, nonprofit groups established within the communities affected by desegregation have generally proven to be a source of assistance to the local school systems. Community group activities have served as a coordinating link between individual parents and school authorities and have often led to the genuine involvement (and consequently, cooperation and support) of the public.

Pursuant to the Emergency School Aid Act, community groups will be funded where it can be demonstrated that such groups will be a positive force within the community to support the activities of an eligible local educational agency. Assuming an average award of $60,000, over 300 such groups could be funded in fiscal year 1973.

Objectives for 1974: Projects under this activity, primarily community groups, will be funded at an average award slightly below the preceding year's, and using comparable criteria. Sufficient funds are requested for 400 projects, including 275 continuations, at an average award of $50,000.

	1973	1974	Increase or Decrease
2. State apportionment:			
(c) General grants to local educational agencies.........			
Non-competing continuations..	$ ---	$105,000,000	$+105,000,000
New...........................	134,485,000	41,875,000	- 92,610,000
Total................	$134,485,000	$146,875,000	$+ 12,390,000

Grants may be awarded to local educational agencies (LEA's) which are implementing a desegregation plan, a plan for the elimination, reduction, or prevention of minority group isolation, or an interdistrict transfer plan. Activities supported by a general grant to a local educational agency must directly address needs related to the implementation of such plans and must conform to the purposes and authorized activities of the Emergency School Aid Act. Particular attention is to be given to educational needs resulting from minority group isolation--especially needs for basic instructional services. Fifty-nine percent of the funds available under the Emergency School Aid Act will be reserved for these grants. These funds, along with those reserved for Pilot programs and Special programs and projects, will apportioned among the States, as prescribed in the legislation.

Accomplishments in 1973: The Act stipulates that the following activities are eligible for support: (1) remedial services; (2) supplemental staff; (3) teacher aides; (4) teacher training; (5) guidance and counseling; (6) curriculum development; (7) career education; (8) interracial activities; (9) community activities; (10) support services; (11) planning; and (12) minor remodeling.

Consistent with the range of eligible activities outlined above, local educational agencies will be encouraged to focus their grant resources on basic instruction and support services. A focus on these activities is deemed essential to assure substantial progress in overcoming the educational disadvantages of minority group isolation--one of the basic purposes of the Act.

With an average award of $175,000, approximately 775 school districts will receive funds for basic projects--about twice the number of local educational agency projects funded in fiscal year 1972 under the interim emergency school assistance activity. It allows for substantial support of both voluntary and ordered desegregation throughout the nation.

Objectives for 1974: Under this activity in 1974, projects will be funded using the same evaluative criteria as in 1973. Since some fiscal year 1973 projects are being funded for 17 months, rather than the more typical 12-15 months period, the average award will drop to $150,000. Given this level, some 975 local educational agency awards, including 700 continuations, could be made in fiscal year 1974.

	1973	1974	Increase or Decrease
3. Training and advisory services (Civil Rights Act):			
Non-competing continuations........	$ 6,375,000	$18,750,000	$+12,375,000
New................................	15,325,000	2,950,000	-12,375,000
Total..........................	$21,700,000	$21,700,000	$ ---

Title IV of the 1964 Civil Rights Act authorizes the Office of Education to provide training and advisory services for desegregating school districts. Under this authorization, the Office of Education conducts three interrelated activities: (1) desegregation assistance centers, including a number at State Education Departments; (2) training institutes at colleges and universities; and (3) direct grants to school districts. These activities complement those undertaken pursuant to the Emergency School Aid Act, which is the principal authority for the Federal desegregation assistance program. These activities are considered complementary because they include the preparation of plans to reduce minority group isolation, as distinguished from the "adoption or implementation" authority of the Emergency School Aid Act.

The primary objective of this program is to enable school districts to successfully desegregate their systems with maximum educational benefit and minimum disruption. To achieve this overall goal, the Office of Education provides the following kinds of assistance through contract and grant awards:

1. Assisting local school districts in the elimination of elementary and secondary school segregation.
2. Assisting these local school districts in bringing about the personal and administrative adjustments necessary for such desegregation to be permanent.

This assistance may be provided by direct grants to the school systems or indirectly, through the support of desegregation assistance centers and training institutes.

The following tables present a summary of Title IV awards in fiscal year 1972 and through the first seven months of fiscal year 1973:

Number of Projects

Program Activity:	FY 72	FY 73 (first seven months)
1. Technical Assistance Centers:		
a. State Departments...........	33	9
b. General.....................	17	9
2. Training Institutes.............	25	18
3. Grants to School Districts......	108	15
Total......................	183	51

At present, the Title IV program is being reassessed in light of the new authority provided by the Emergency School Aid Act of 1972. New Title IV activities will complement Emergency School Aid Act operations so that the two programs form a consistent, mutually supportive approach to school desegregation problems. Thus, it can be expected that earlier patterns of Title IV expenditures will be modified somewhat for new awards in fiscal year 1974, as well as in the balance of fiscal year 1973.

Since new program guidelines and regulations have not been fully developed, it is not possible to credibly estimate the number of new fiscal year 1973 and fiscal year 1974 awards and dollars by program activity at this time. The general trend, however, will be a heavier emphasis on centers and institutes, with a correspondingly lighter emphasis of grants to school districts -- the latter need being largely met by the authorities granted under the Emergency School Aid Act.

	1973	1974	Increase or Decrease
4. Temporary emergency school assistance program:			
Non-competing continuations.........	$21,000,000	$ ---	$-21,000,000
New.................................	---	---	---
Total..........................	$21,000,000	$ ---	$-21,000,000

This program was established, on an interim basis, to carry out a program of assistance to meet special emergency needs incident to the elimination of racial segregation and discrimination in elementary and secondary schools.

In fiscal year 1971, $75 million was appropriated for this interim program (ESAP), and this level was continued in fiscal year 1972 under a Continuing Resolution. Of the funds appropriated for this interim program, 10% was reserved by regulation for awards to non-profit community groups organized to support the desegregation efforts of their local school districts. The balance of the appropriation was targeted for direct grants to the school districts themselves. The following table displays the patterns of assistance in fiscal year 1971 (ESAP I) and fiscal year 1972 (ESAP II):

Program Activity	Fiscal Year 1971 No. of Projects	Fiscal Year 1972 No. of Projects
School Districts	900	452
Community Groups	156	142
	1,056	594

Accomplishments in 1973:

In fiscal year 1973, pending enactment of the Emergency School Aid Act, the program continued funding of projects begun in fiscal year 1972 in order to maintain valuable staff and program momentum. To date 384 local educational agencies and 111 community groups have been funded in 1973, at a total cost of $18,471,568. Emergency School Aid Act programs have now been put into operation, with new administrative guidelines. Those emergency school assistance projects funded in fiscal year 1972 and continued in 1973 must compete with other projects for funding under the authority of the Emergency School Aid Act.

In retrospect, the interim Emergency School Assistance Program has served two major purposes. Firstly, it provided immediate financial and psychological support to students, school personnel and parents during a period which saw a 70% reduction in the number of minority children in heavily isolated (80-100% minority enrollment) schools of eleven southern States. Secondly, it provided the Office of Education with invaluable experience which would help implement the much larger Emergency School Aid Program authorized in the "Education Amendments of 1972." It therefore met an immediate, pressing need, while simultaneously laying the foundation for a broader, expanded approach to the general problem of school segregation.

OFFICE OF EDUCATION

Emergency school assistance

Program Purpose and Accomplishments

Activity: Special projects:
(a) Metropolitan area projects (Sec. 709, ESAA)

	1974	
1973	Authorization	Budget Estimate
$11,397,000	$50,000,000	$12,447,000

Purpose: To assist local educational agencies in (1) establishing and maintaining integrated schools; (2) developing a plan to reduce minority group isolation in a standard metropolitan statistical area, taken as a whole; or (3) planning and constructing integrated education parks.

Explanation: Of the amounts appropriated, 5 percent is legislatively reserved for this purpose. This amount is not to be apportioned among the States, but will be utilized to fund quality eligible activities wherever they may occur.

Accomplishments in 1973: The funds made available for this activity will be concentrated to support cooperative arrangements between school districts which promise to substantially reduce minority group isolation in specified Standard Metropolitan Statistical Areas through the establishment and maintenance of integrated schools. The specific activities to be supported will essentially be consistent with those under general grants to local educational agencies and pilot projects in the State apportionment activity. Some funds will be expended for developing Standard Metropolitan Statistical Area plans and for planning education parks, although the funds will not be used for actual construction of such facilities, which are extremely costly.

With an average award of $500,000 about 22 Metropolitan area projects will be funded in fiscal year 1973.

Objectives for 1974: Metro projects will be funded in fiscal year 1974 with the same criteria used in the preceding year. 25 projects, including 20 continuations, could be funded under these assumptions.

OFFICE OF EDUCATION

Emergency school assistance

Program Purpose and Accomplishments

Activity: Special projects:
(b) Bilingual education projects (Sec. 708(c), ESAA)

	1974	
1973	Authorization	Budget Estimate
$9,117,000	$40,000,000	$9,958,000

Purpose: To assist local educational agencies and supporting organizations in meeting the needs of minority group children who, because they are from an environment in which the dominant language is other than English, do not have equality of educational opportunity.

Explanation: Of the amount appropriated for carrying out the Emergency School Aid Act, at least 4 percent is reserved for this activity to make grants to and contracts with private nonprofit agencies and eligible local educational agencies to develop and implement curricula designed to meet the special educational needs of minority group children served by this activity.

This amount is not to be apportioned among the States, but will be utilized to fund quality eligible activities where they occur.

Accomplishments in 1973: The Emergency School Aid Act, complementing Title VII of the Elementary and Secondary Education Act, allows assistance to both local educational agencies and curriculum-development organizations for the purpose of minimizing cultural barriers to equal educational opportunity. Funds appropriated to this end will be focused on insuring the establishment of bilingual/bicultural programs. Supporting organizations will be funded only upon the specific request of one or more local educational agencies and at least 75 percent of the available bilingual funds will be reserved for local educational agency implementation of promising activities developed by either supporting organizations or the local educational agencies themselves.

Assuming an average local educational agency award of $150,000 and an average supporting organization award of $75,000, some 55 local educational agency projects and 10 supporting projects could be funded in fiscal year 1973, if eligibility and quality requirements are met. The bulk of these projects will serve Spanish-speaking Americans, the largest minority group whose dominant language is other than English.

Objectives for 1974: Bilingual projects will be funded in fiscal year 1974 with the same criteria used the preceding year. Assuming average awards of $150,000 (local educational agency) and $75,000 (supporting organization), about 60 local educational agency projects and 12 supporting projects could be awarded. These 72 awards would include an estimated 58 continuations.

OFFICE OF EDUCATION

Emergency school assistance

Program Purpose and Accomplishments

Activity: Special projects:
(c) Educational television (Sec. 711, ESAA)

	1974	
1973	Authorization	Budget Estimate
$6,838,000	$30,000,000	$7 [illegible],000

Purpose: To fund not more than 10 public or nonprofit private organizations to develop and produce children's television programs incorporating integrated children's activities of cognitive and affective educational value.

Explanation: Of the amount appropriated for the Emergency School Aid Act, at least 3 percent is reserved for this activity to make grants to or contracts with not more than 10 public or private nonprofit agencies with expertise in the development of television programming to carry out the purposes of this activity. Programs developed shall be made reasonably available for transmission, free of charge, and shall not be transmitted under commercial sponsorship. Educational television funds, of course, are not to be apportioned among the States.

Accomplishments in 1973: Experiences with successful prototypes such as "Sesame Street" will be drawn upon in programming these funds. Specifications will be developed for television programming which has positive cognitive and affective value and presents multi-ethnic children's activities. These specifications have been incorporated into a competitive grant program in which up to four grants will be made for the most promising approaches to a list of given categories.

Objectives for 1974: The grants awarded in fiscal year 1973 will be considered for continuation. However, new grants may be considered should it be obvious that more effective use of the funding available would result.

OFFICE OF EDUCATION

Emergency school assistance

Program Purpose and Accomplishments

Activity: Special projects:
(d) Special programs and projects (Sec. 708(a), ESAA)

	1974	
1973	Authorization	Budget Estimate
$11,397,000	$50,000,000	$12,447,000

Purpose: To assist local educational agencies and supporting public organizations in conducting activities which (1) are otherwise authorized by the Emergency School Aid Act, and (2) promise to make substantial progress towards achieving the purposes of the Emergency School Aid Act.

Explanation: Of the amount appropriated, not more than 5 percent is reserved for this activity. The Assistant Secretary is authorized to make grants to any public agency for a program which he determines will make substantial progress toward achieving the purposes of the Act. These amounts are not to be apportioned among the States but will be utilized to fund quality eligible activities wherever they may occur.

Accomplishments in 1973: Specific programming of funds available under this activity must await a detailed assessment of desegregation needs not adequately met under other Emergency School Aid Act activities. With an average award of $150,000, about 75 special projects could be funded in fiscal year 1973.

Objectives for 1974: With an extension of fiscal year 1973 objectives and average funding levels, 80 special projects (including 50 continuations) could be funded in fiscal year 1974.

OFFICE OF EDUCATION

Emergency school assistance

Program Purpose and Accomplishments

Activity: Special Projects:
(e) Evaluation (Sec. 713, ESAA)

1973	1974	
	Authorization	Budget Estimate
$2,280,000	$10,000,000	$2,489,000

Purpose: To evaluate programs and projects assisted under the Emergency School Aid Act.

Explanation: Of the amount appropriated for carrying out the Emergency School Aid Act, not in excess of 1 percent is reserved for this activity to make grants to and contracts with public and private organizations for evaluations.

Accomplishments in 1973: Approximately 10 evaluation projects will be mounted in fiscal year 1973 for an average grant size of $228,000. The activities are planned to include:

(a) A longitudinal evaluation of the Emergency School Aid Act Pilot programs (ESAA, Sec. 706(b)).

This will be a 3-year nationwide study involving about 40 school districts, 250 schools, and anticipated administration of over 97,000 achievement tests over the entire length of the study. In fiscal year 1973, the study design and planning will be refined and initial data collection is anticipated in the Spring of 1973.

(b) Evaluation of general grants to local educational agencies (Sec. 706(a)).

(c) Evaluation of Special programs and projects (Sec. 708(b)).

(d) Emergency School Aid Act Educational Television Study (Sec. 711).

(e) Various Emergency School Aid Act management studies.

Objectives for 1974: The overall objective of evaluation projects will continue to be to assess the effectiveness of Emergency School Assistance programs and ways of improving the programs.

Major attention will be paid to the implementation of the evaluation reports submitted in fiscal year 1973. Implications of these reports for the allocation of Emergency School Aid Act resources will be undertaken as a mutual activity of the evaluation staff and Emergency School Aid Act program staff in particular.

Other major objectives will be the continuation of the large-scale longitudinal studies of the Emergency School Aid Act pilot programs, general grants to local educational agencies, and the study of exemplary desegregated schools. Continuation of all of these studies will be contingent upon the quality of interim reports.

The acceptance of reports of the other evaluation activities conducted in fiscal year 1973 and their dissemination and implementation will also be emphasized.

An estimated 7 evaluation projects (including 5 continuations) are anticipated for fiscal year 1974 at an average contract award of $355,000.

OFFICE OF EDUCATION

Emergency school assistance

Program Purpose and Accomplishments

Activity: State apportionment:
(a) Pilot programs (Sec. 706(b), ESAA)

	1974	
1973	Authorization	Budget Estimate
$34,191,000	$150,000,000	$37,341,000

Purpose: To support promising programs to overcome the adverse effects of minority group isolation by improving the academic achievement of children in one or more minority group isolation schools in districts which (1) enroll at least 15,000 minority group children or (2) have a minority group enrollment which is more than 50 percent of the total enrollment.

Explanation: Of the amounts appropriated, not more than 15 percent is legislatively reserved for this activity. This amount is to be apportioned among the States in accordance with the distribution among those States of minority group children aged 5-17. Grants and contracts may be awarded to local educational for the above purpose.

Accomplishments in 1973: The objectives for this activity are the same as those for basic local educational agency projects, except that the focus will be on districts having either a minimum of 15,000 minority students or a minority enrollment of at least 50 percent. Further, the emphasis on compensatory educational services necessitates an even higher priority on basic instructional services than is the case with the basic grants.

Assuming an average award of approximately $175,000, approximately 200 districts could be supported under this activity. This total represents about 30% of the 700 districts estimated to be eligible for pilot project support.

Objectives for 1974: Pilot projects will continue to be funded in fiscal year 1974 with the same criteria as in the preceding year, but at a slightly reduced average award. Given this, some 250 projects (including 175 continuations) could be funded in fiscal year 1974 at an average award of $150,000.

OFFICE OF EDUCATION

Emergency school assistance

Program Purpose and Accomplishments

Activity: State apportionment:
(b) Special programs and projects (Sec. 708(b), ESAA)

	1974	
1973	Authorization	Budget Estimate
$18,235,000	$80,000,000	$19,915,000

Purpose: To assist nonprofit organizations in conducting special programs which support local educational agency efforts to develop or implement a plan to meet special problems incident to desegregation, to encourage voluntary integration, or to aid school children in overcoming the educational disadvantages of minority group isolation.

Explanation: Of the amount appropriated for carrying out the Emergency School Aid Act, not more than 8 percent will be reserved for this activity and apportioned among States based on the number of minority group children aged 5-17 in the State. To carry out the purposes of this section, assistance will go by grant or contract to public and private nonprofit agencies other than local educational agencies.

Accomplishments in 1973: Under the interim emergency school assistance program activity, nonprofit groups established within the communities affected by desegregation have generally proven to be a source of assistance to the local school systems. Community group activities have served as a coordinating link between individual parents and school authorities and have often led to the genuine involvement (and consequently, cooperation and support) of the public.

Pursuant to the Emergency School Aid Act, community groups will be funded where it can be demonstrated that such groups will be a positive force within the community to support the activities of an eligible local educational agency. Assuming an average award of $60,000, over 300 such groups could be funded in fiscal year 1973.

Objectives for 1974: Projects under this activity, primarily community groups, will be funded at an average award slightly below the preceding year's, and using comparable criteria. Sufficient funds are requested for 400 projects, including 275 continuations, at an average award of $50,000.

OFFICE OF EDUCATION

Emergency school assistance

Program Purpose and Accomplishments

Activity: State apportionment:
(c) General grants to local educational agencies (Sec. 706(a), ESAA)

	1974	
1973	Authorization	Budget Estimate
$134,485,000	$590,000,000	$146,875 000

Purpose: To provide financial assistance to eligible local educational agencies to: (1) meet educational needs incident to elementary and/or secondary school desegregation, (2) encourage voluntary elimination of minority group isolation in elementary and secondary schools, and (3) overcome educational disadvantages of minority group isolation. Eligible local educational agencies are those which have implemented or will, if assistance is made available, adopt and implement a plan to eliminate, reduce, or prevent the isolation of minority group students in their schools.

Explanation: Of the amounts appropriated pursuant to the Emergency School Aid Act, 59 percent is reserved for this activity. This amount is to be apportioned among the States in accordance with the distribution among those States of minority group children aged 5-17. Grants and contracts may be awarded to local educational agencies for the above purpose.

Accomplishments in 1973: The Act stipulates that the following activities are eligible for support: (1) remedial services; (2) supplemental staff; (3) teacher aides; (4) teacher training; (5) guidance and counseling; (6) curriculum development; (7) career education; (8) interracial activities; (9) community activities; (10) support services; (11) planning; and (12) minor remodeling.

Consistent with the range of eligible activities outlined above, local educational agencies will be encouraged to focus their grant resources on basic instruction and support services. A focus on these activities is deemed essential to assure substantial progress in overcoming the educational disadvantages of minority group isolation--one of the basic purposes of the Act.

With an average award of $175,000, approximately 775 school districts will receive funds for basic projects--about twice the number of local educational agency projects funded in fiscal year 1972 under the interim emergency school assistance activity. It allows for substantial support of both voluntary and ordered desegregation throughout the nation.

Objectives for 1974: Under this activity in 1974, projects will be funded using the same evaluative criteria as in 1973. Since some fiscal year 1973 projects are being funded for 17 months, rather than the more typical 12-15 months period, the average award will drop to $150,000. Given this level, some 975 local educational agency awards, including 700 continuations, could be made in fiscal year 1974.

OFFICE OF EDUCATION

Emergency school assistance

Program Purpose and Accomplishments

Activity: Training and advisory services (Civil Rights Act of 1964, Title IV)

	1974	
1973	Authorization	Budget Estimate
$21,700,000	Indefinite	$21,700,000

Purpose: To render technical assistance in the preparation, adoption, and implementation of plans for the desegregation of public schools, and to provide services and training for people to deal effectively with special educational problems occasioned by desegregation.

Explanation: To carry out the purpose of this activity, awards are made to universities for training institutes, to desegregation assistance centers, and to local educational agencies for technical assistance and training.

Accomplishments in 1973: The 1973 supplemental appropriation provides for continuation of the Civil Rights Act Title IV activities, including expansion of coordinated technical assistance. Current Title IV activities will be reexamined and the program redirected as necessary to ensure adequate support of desegregation activities throughout the nation. Title IV is particularly useful in this regard because authorized activities include preparation of plans to reduce minority group isolation, as distinguished from the "adoption or implementation" authority of the Emergency School Aid Act.

In fiscal year 1973, 35 institutes, 50 desegregation centers (including 30-40 State educational agencies) and 90 local educational agencies are projected to be funded under Title IV.

Objectives for 1974: Criteria and funding levels established in fiscal year 1973 for Title IV will also be utilized in fiscal year 1974. Accordingly, about 175 projects (including 150 continuations) will be funded at an average award of $125,000.

OFFICE OF EDUCATION

Emergency school assistance

Program Purpose and Accomplishments

Activity: Temporary emergency school assistance program (P.L. 92-334)

	1974	
1973	Authorization	Budget Estimate
$21,000,000	Indefinite	---

Purpose: To carry out a program of assistance to desegregating local educational agencies and community groups to meet special emergency needs incident to the elimination of racial segregation and discrimination in elementary and secondary schools.

Explanation: To continue those Emergency school assistance projects conducted in fiscal year 1972 which, if unable to continue during the period prior to the implementation of the Emergency School Aid Act, would lose valuable staff personnel and program momentum.

Accomplishments in 1973: Grants to eligible local education agencies and community groups will be kept to the minimum necessary to continue essential personnel prior to implementation of the Emergency School Aid Act. Approximately 380 local educational agencies and 107 community groups are to be funded in fiscal year 1973. Necessary evaluation efforts will also be continued.

Objectives for 1974: This activity was principally an interim program and, due to the passage of the Emergency School Aid Act, need not be continued. Thus no funds are requested.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Emergency School Assistance

State Apportionment

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
TOTAL	$ ---	$ 186,910,800	$ 204,130,800
Alabama	$ ---	5,534,122	6,047,693
Alaska	---	503,445	543,759
Arizona	---	2,681,051	2,926,222
Arkansas	---	2,253,357	2,458,294
California	---	24,148,251	26,412,935
Colorado	---	1,976,913	2,155,843
Connecticut	---	1,518,142	1,653,913
Delaware	---	556,199	601,476
Florida	---	7,535,675	8,237,542
Georgia	---	7,052,280	7,708,673
Hawaii	---	2,397,356	2,615,839
Idaho	---	229,929	244,512
Illinois	---	10,046,782	10,984,881
Indiana	---	2,503,227	2,731,669
Iowa	---	350,190	376,086
Kansas	---	909,046	987,516
Kentucky	---	1,351,401	1,471,485
Louisiana	---	6,747,995	7,375,761
Maine	---	111,114	114,520
Maryland	---	4,225,551	4,616,020
Massachusetts	---	1,403,613	1,528,609
Michigan	---	6,224,176	6,802,664
Minnesota	---	537,325	580,826
Mississippi	---	5,310,377	5,802,900
Missouri	---	2,918,247	3,185,731
Montana	---	317,557	340,384
Nebraska	---	447,708	482,778
Nevada	---	379,984	408,683
New Hampshire	---	100,000	100,615
New Jersey	---	5,581,922	6,099,991
New Mexico	---	2,708,296	2,956,030
New York	---	17,887,068	19,562,737
North Carolina	---	7,001,245	7,652,835
North Dakota	---	205,487	217,770
Ohio	---	5,905,101	6,453,573
Oklahoma	---	1,776,798	1,936,901
Oregon	---	486,758	525,502
Pennsylvania	---	5,880,387	6,426,534
Rhode Island	---	245,983	262,076
South Carolina	---	5,034,131	5,500,666

State or Outlying Areas	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
South Dakota	$ ---	$ 317,937	$ 340,799
Tennessee	---	3,686,094	4,025,814
Texas	---	18,515,943	20,250,772
Utah	---	440,837	475,262
Vermont	---	100,000	100,000
Virginia	---	5,073,959	5,544,241
Washington	---	1,164,970	1,267,517
West Virginia	---	453,782	489,424
Wisconsin	---	1,213,350	1,320,448
Wyoming	---	221,613	235.413
District of Columbia	---	2,738,126	2,988,666
American Samoa	---	---	---
Canal	---	---	---
Guam	---	---	---
Puerto Rico	---	---	---
Virgin Islands	---	---	---

1/ Estimated distribution of $227,940,000 with 5% ($11,397,000) reserved for Sec. 709, and 13% ($29,632,200) reserved for Sec. 708(a) and (C), 711 and 713 and the remainder ($186,910,800) distributed with a basic amount of $75,000 to each State and D. C., and the balance distributed on the basis of the total 5-17 population, Negro and other races, 4/1/70 and estimated enrollment of Spanish-surnamed Americans, Fall 1970, with a minimum amount of $100,000. Hawaii amount estimated on the basis of 5-17 population only.

2/ Estimated distribution of $248,940,000 with 5% ($12,447,000) reserved for Sec. 709, and 13% ($32,362,000) reserved for Sec. 708(a) and (C), 711 and 713, and the remainder ($204,130,800) distributed with a basic amount of $75,000 and the balance distributed on the total of (1) 5-17 population, Negro and other races, 4/1/70 and (2) estimated enrollment of Spanish-surnamed Americans, Fall 1970, with a minimum amount of $100,000. Hawaii amount is computed solely on the basis of the 5-17 population, Negro and other races.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Emergency School Assistance

Temporary Emergency School Assistance Program - Program Support

State or outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate
TOTAL	$ 70,758,366	$ 18,468,568	$ ---
Alabama	4,823,991	1,512,805	---
Alaska	---	---	---
Arizona	---	---	---
Arkansas	2,780,937	825,230	---
California	2,623,401	836,159	---
Colorado	---	---	---
Connecticut	---	---	---
Delaware	---	---	---
Florida	8,852,347	1,755,110	---
Georgia	7,669,763	2,611,056	---
Hawaii	---	---	---
Idaho	---	---	---
Illinois	29,473	1,100	---
Indiana	129,963	30,965	---
Iowa	---	---	---
Kansas	372,779	3,630	---
Kentucky	69,086	20,115	---
Louisiana	4,994,410	984,752	---
Maine	---	---	---
Maryland	210,221	59,398	---
Massachusetts	---	---	---
Michigan	927,872	139,328	---
Minnesota	---	---	---
Mississippi	5,078,754	1,278,415	---
Missouri	---	---	---
Montana	---	---	---
Nebraska	---	---	---
Nevada	---	---	---
New Hampshire	---	---	---
New Jersey	48,515	13,938	---
New Mexico	---	---	---
New York	---	46,096	---
North Carolina	7,430,043	2,532,620	---
North Dakota	---	---	---
Ohio	---	---	---
Oklahoma	842,826	332,023	---
Oregon	---	---	---
Pennsylvania	721,032	42,875	---
Rhode Island	---	---	---
South Carolina	5,686,541	1,538,631	---

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate
South Dakota	$ ---	$ ---	$ ---
Tennessee	3,514,135	1,190,135	---
Texas	7,550,479	1,417,825	---
Utah	---	---	---
Vermont	------	---	---
Virginia	6,398,049	1,296,362	---
Washington	---	---	---
West Virginia	3,746	---	---
Wisconsin	---	---	---
Wyoming	---	---	---

1/ The 1973 level is an estimate of the funding necessary to continue certain emergency school assistance activities, funded in fiscal year 1972, through January 31, 1973 in order to maintain staff capabilities and program momentum until the Emergency School Aid Act is implemented.

WEDNESDAY, MARCH 14, 1973.

EDUCATION FOR THE HANDICAPPED

WITNESSES

DUANE J. MATTHEIS, DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS
DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION, DESIGNATE
DR. JOHN H. RODRIGUEZ, ASSOCIATE DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS
DR. EDWIN W. MARTIN, ASSOCIATE COMMISSIONER FOR EDUCATION FOR THE HANDICAPPED
ROBERT B. HERMAN, ACTING DEPUTY ASSOCIATE COMMISSIONER FOR EDUCATION FOR THE HANDICAPPED
DR. MAX E. MUELLER, ACTING DIRECTOR, DIVISION OF RESEARCH
DR. RICHARD J. WHELAN, DIRECTOR, DIVISION OF TRAINING
DR. JOHN W. EVANS, ACTING DEPUTY COMMISSIONER FOR PLANNING, EVALUATION, AND MANAGEMENT
JAMES B. ROBERTS, EXECUTIVE OFFICER FOR SCHOOL SYSTEMS
JOE G. KEEN, BUDGET OFFICER
CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

Object Classification (in thousands of dollars)

	Identification code 09-40-0282-0-1-601	1972 actual	1973 est.	1974 est.
11.3	Personnel compensation: Positions other than permanent	16	67	24
12.1	Personnel benefits: Civilian		3	
21.0	Travel and transportation of persons	38	99	61
22.0	Transportation of things	1	4	4
23.0	Rent, communications, and utilities	2	2	
24.0	Printing and reproduction	3	32	28
25.0	Other services	9,567	10,739	32,798
26.0	Supplies and materials	1	1	1
31.0	Equipment	8		
41.0	Grants, subsidies, and contributions	105,760	120,162	60,693
99.0	Total obligations	115,396	131,109	93,609

Personnel Summary

	1972 actual	1973 est.	1974 est.
Full-time equivalent of other positions	1	3	1
Average paid employment	1	3	1

Program and Financing (in thousands of dollars)

	Identification code 09-40-0282-0-1-601	1972 actual	1973 est.	1974 est.
	Program by activities:			
	1. State grant program	37,499	37,500	
	2. Special target programs:			
	(a) Deaf-blind centers	7,500	10,000	10,000
	(b) Early childhood projects	7,500	12,000	12,000
	(c) Special learning disabilities	2,250	3,250	3,250
	(d) Regional resource centers	3,550	7,243	7,243
	3. Innovation and development	11,176	9,916	9,916
	4. Technology and communication:			
	(a) Media services and captioned films	10,478	13,000	13,000
	(b) Recruitment and information	500	500	500
	5. Special education and manpower development	34,419	37,700	37,700
	6. Planning and evaluation	524		
10	Total obligations	115,396	131,109	93,609
	Financing:			
25	Unobligated balance lapsing	354		
40	**Budget authority (appropriation)**	**115,750**	**131,109**	**93,609**
	Relation of obligations to outlays:			
71	Obligations incurred, net	115,396	131,109	93,609
72	Obligated balance, start of year	89,086	109,083	126,311
74	Obligated balance, end of year	−109,083	−126,311	−129,970
77	Adjustments in expired accounts	−1,724		
90	Outlays	93,674	113,881	89,950

Note.—Excludes $37,590 thousand in 1974 for activities transferred to: Salaries and expenses, $90 thousand; and special education revenue sharing, $37,500 thousand.

Mr. Flood. The committee will come to order.

We will continue with the Office of Education, education for the handicapped. The presentation will be made by Duane J. Mattheis, the Deputy Commissioner for School Systems. We have your biographical sketch in the record already, Mr. Mattheis.

You have a prepared statement, I see. How do you wish to proceed?

Mr. Mattheis. If I may, I would like to read my statement into the record.

Mr. Flood. Very well, suppose you do.

GENERAL STATEMENT

Mr. Mattheis. Mr. Chairman and members of the committee, we appreciate the opportunity to present the appropriation request for education of handicapped children.

This appropriation request is concerned with children who are left out or behind in the educational process because of physical, mental, or emotional handicaps or because they are in situations where educational opportunities are scarce or nonexistent.

Funds allocated to this program will be, as they have been in the past several years, used to stimulate the achievement by States of the objective of full educational services to all handicapped children; they will work to develop and support programs for the severely handicapped, the deaf-blind, and the learning disabled; they will work to further occupational and vocational education for handicapped in collaboration with vocational education; they will work to stimulate early identification and intervention practices for handicapped children through the implementation of model preschool programs throughout the country; they will continue to support the development by colleges, universities, and State education agencies of a cadre of trained educational personnel needed to work with these children; and they will continue the development and implementation of a national learning resource system comprised of regional resource centers, an instructional media and materials network, and innovation/development/dissemination efforts which provide teachers and other special education personnel with the essential content, structures, and materials to work effectively with handicapped children.

AID TO STATES

The major Federal effort of direct assistance to States to enable them to fulfill their responsibilities to educate all handicapped children will derive from special education revenue sharing. Extensive technical assistance will be provided by the Federal administrators of this program to the States to assure the continuation of the catalytic use of this money and of the effective mutuality of Federal-State planning.

DEAF-BLIND PROGRAM

We are requesting $10 million to serve 2,900 of the 4,500 identified deaf-blind children through both residential and daytime educational programs. These severely afflicted children require the most complex and comprehensive services in order to make progress. The combined efforts of Federal, State, and local, public and private resources are necessary if these children are to be served.

LEARNING DISABILITIES PROGRAM

We are asking for $3.25 million to continue the establishment of model service centers for learning disabled children. In 1973, 25 State service models were in place. In 1974, we expect that 30 States will have the benefit of these programs, which are designed to stimulate States to develop, initiate, and implement exemplary services for the target population of approximately 1 million children.

EARLY CHILDHOOD EDUCATION PROGRAM

We are requesting $12 million to continue the early childhood education program which aims at stimulating national services to the estimated 1 million preschool aged handicapped children. This $12 million will support 100 centers and the necessary technical aid components. With at least one Federal model in each State. States report an estimated 40,000 preschool children in programs. Three years ago only 15 States mandated preschool education for these children, while today 45 States have enacted such legislation.

Mr. **Flood.** At what age do you start the preschool programs for the handicapped children?

Dr. **Martin.** We start at zero. Many projects that we are supporting are for children from zero to 3 years old. There are schools that are showing willingness to pick up these programs under their auspices.

MANPOWER DEVELOPMENT

Mr. **Mattheis.** We are asking for $37.7 million to support colleges and universities and State education agency efforts to train 23,000 teachers and subprofessionals who will educate the additional 350,000 handicapped children who are expected to be added to the rolls of educational programs by States this year. A part of this request will be used to continue the development and implementation of new models for improving and upgrading current skills both in regular and special education teachers. Special emphasis will be placed on increasing the number of skilled professionals to work with the severely and profoundly handicapped.

LEARNING RESOURCE SYSTEM

The resources being requested for the learning resource system effort will be used to continue the regional resource centers, the media services and captioned film program, and the innovation/development/dissemination components—all of which combine to form a unique delivery system of media, materials and techniques to serve handicapped children. For the regional resource center program we are requesting $7.234 million. This will continue to provide educational, testing, and evaluation services for all geographic areas and assist State and local educational agencies in identifying excluded handicapped children so that they may receive suitable educational services. It is anticipated that approximately 42,000 children will receive comprehensive services from these centers. In addition, funds appropriated under this section will be utilized to support eight State agencies through special target grants.

We are requesting $13 million to continue the media services and captioned films program that will continue to assist the States and local agencies in establishing coordinated activities which are designed to provide the handicapped learner with adequate resources in sufficient quantity and quality. The recently established National Center on Educational Media and Materials and the 18-unit Special Education Instruction Materials Centers and Regional Media Centers for the Deaf Network has provided support services to nearly 75,000 teachers of the handicapped.

EDUCATIONAL TELEVISION PROJECTS FOR HANDICAPPED CHILDREN

Mr. FLOOD. How do you tie in the networks of educational TV, locally and nationally?

Dr. MARTIN. We have begun work.

Mr. FLOOD. You have just begun?

Dr. MARTIN. Over the last couple of years, Mr. Flood. Excuse me, I did not say that well.

We have been working with the public broadcasting system on two major projects. One is the development of more programs that are sensitive to handicapped children. For example, we have a contract with "Mr. Rogers' Neighborhood" for a series of programs on handicapped children in order to help develop positive attitudes toward them.

The second project is on the subject of captioning programs for the deaf audiences. We first made a pilot program for the "Julia Childs Show." We now have a grant to the Public Broadcasting System who, with the help of the National Bureau of Standards, will develop a system for captioning programs so that the average viewer will not be aware. For a small cost, a deaf viewer can have a switch on his set so he will be able to view the captioned program.

We also were able to cooperate with the captioning for the Public Broadcasting System of the inaugural address, the first time it had ever been done, so that deaf audiences could take part in that program.

Mr. FLOOD. Educational TV for children strikes me as a ready weapon at hand for your type of program.

Dr. MARTIN. Yes. A number of programs, such as "Sesame Street," itself, seem to be of use and of interest to handicapped children. We have been evaluating segments of "Sesame Street" specifically for use with the mentally retarded and deaf population to see how useful they were.

Mr. FLOOD. Very well, you may proceed.

Mr. MATTHEIS. We are requesting $9.916 million to continue the support of the innovation and development program. This program provides support to the objectives of all Federal operating programs for the purposes of improving educational opportunities for handicapped children through support of applied research and related activities. Studies involving curriculum development, validation, and dissemination for use both by regular and special education teachers; research on specific needs of the blind, the deaf-blind and hard of hearing; and research in early predictive behavior and curriculum development in early childhood will be continued. Through the dissemination of mature project results there is an immediate impact on all aspects of the field of special education and its relation to regular education.

RECRUITMENT AND INFORMATION

We are requesting $500,000 to support the recruitment and information program which provides parents with appropriate information and referral services for parents and their handicapped children in order that they may be assisted in their attempts to gain an equal educational opportunity. Through national TV, radio, and newspapers, efforts will be continued to urge parents to seek services and request information concerning available programs for their children. Parents, teachers, and potential educational personnel to serve the handicapped are beneficiaries of this comprehensive program to alert the public to the problems of the handicapped and the need to serve them.

Mr. Chairman, my colleagues and I would be happy to answer any questions you may have.

NUMBER OF CHILDREN SERVED

Mr. FLOOD. Your justifications indicate that there are 7 million handicapped children of school age. What proportion of these are receiving adequate education? What is happening to all the others?

Dr. MARTIN. The 7 million figure refers to both school age and preschool age. About 1 million are preschool age. Of the 6 million school age, about 3.1 million will be enrolled in special education programs, leaving just under 3 million that are not in special education programs. This is an increase from 1.8 million in 1967 when the Federal programs really began functioning in this area, to 3.1 million. Most of the children who are not receiving special education are in the schools. I would say the number excluded from the schools ranges from 500,000 to a million children. These are the seriously handicapped children—the children who are severely mentally retarded, or who have more than one handicap. The unserved children who are in schools tend to suffer from undiagnosed learning problems, hearing problems and vision problems. They tend to be located in parts of the country, where there are small communities and schools that do not have special education classes.

Our efforts have been aimed through our aid-to-States program at developing additional services for these unserved children.

In the preschool area the picture is about the same. Our estimate is now that between 10 to 20 percent of preschool children are receiving special education services and that the number is growing very quickly.

CHILDREN WITH MULTIPLE HANDICAPS

Mr. FLOOD. What about that 500,000 that are getting nothing from anyone at all in spite of their aggravated multiple handicaps?

Dr. MARTIN. This has been the source of considerable effort on our part and on the part of parents. As you know, with regard to Pennsylvania, we have spoken about this before. Parents in that State eventually went to the Federal district court and obtained a favorable ruling from that court which has greatly increased the availability of special education services to children. I think some 8,000 children have been identified and are now being enrolled in programs in Pennsylvania alone.

I understand the Governor used $40 million in revenue sharing this year to help bring about a change in the financing of special education programs.

COURT ACTIONS AFFECTING HANDICAPPED

Mr. **Flood**. Speaking about these Federal court decisions, not only in Pennsylvania but here in District of Columbia, as well, and Michigan, and the effect of those court decisions to require these jurisdictions to educate the handicapped children regardless of the additional costs, or regardless of the cost, period.

What is happening in all the other States, and what effect do you think these decisions in Pennsylvania, District of Columbia, and Michigan will have on the question of educating the handicapped? What effect will this have on the Federal role of educating these children?

Mr. **Mattheis**. This is really the cause of the problem with regard to the exclusion because many States have provided the opportunity for school districts to exclude some of these children in their State law. So these court decisions now are in the process of invalidating those laws.

Mr. **Flood**. That is nothing peculiar to the court.

Mr. **Mattheis**. That is right.

Dr. Martin has had an interesting experience with the education commissions of the States in working with the State legislatures and calling this matter to their attention.

Mr. **Flood**. In view of the court decisions in the jurisdictions I mentioned and in view of the language of some of these statutes, where are the other States?

Dr. **Martin**. The other States are gradually becoming aware of this issue.

There are suits filed in 20 States now. The general feeling is that some may be successful and others may not. They are not all equally well presented and the issues are not equal State to State.

As we have seen this, we have really anticipated what was going to happen. About 2 years ago we went to the education commission of the States and asked them to support the development of a national goal for full educational opportunity for handicapped children, a goal articulated by Commissioner Marland at that time. They accepted that premise as part of their own working organization.

Mr. **Flood**. Is the attitude by the States generally one of acceptance rather than one of resistance?

Dr. **Martin**. It is changing, sir. The first response is that we do not have the money to do it. The second response is we are really doing all we can. But many States are on their own becoming sensitive to this.

We have also encouraged the chief State school officers to do this and make it a positive part of their program rather than to wait for the courts to force them into it.

Mr. **Flood**. This is more than merely opening the door. This is an actual operation.

Dr. **Martin**. Yes.

ADDITIONAL COSTS FOR EDUCATING THE HANDICAPPED

Mr **Flood**. What is the additional cost per pupil for educating a handicapped child?

Dr. **Martin**. It is approximately $700 in addition to the $800 average cost for a regular child. It is a variable sum.

Mr. **Flood**. For the record, will you provide a breakdown, if you have it?

Dr. **Martin**. How much would it cost per State to educate these children?

Mr. **Flood**. No, I wanted to know what is the actual cost per child. You have given us that.

Dr. **Martin**. We can give this to you by disability group, if you would like, because it varies.

Mr. **Flood**. Very well.

Those who are concerned can go to the record and see what the States are doing and where the vacuum exists and see what this effort can do in helping.

Dr. **Martin**. Let me see if I am putting the right information in the record. We will put a table in the record showing the number of children unserved and the estimated cost of serving those children.

[The information follows:]

Insert page 2348

A PROJECTION OF THE COST OF EDUCATING HANDICAPPED CHILDREN IN THE UNITED STATES

Handicapped Children	National Average Per Pupil Expenditure	Cost Index 1/	Average Cost Per Child
Educable Mentally Retarded	$914	1.87	$1,709.18
Trainable Mentally Retarded	$914	2.10	$1,919.40
Auditorily Handicapped	$914	2.99	$2,732.86
Visually Handicapped	$914	2.97	$2,714.58
Physically Handicapped	$914	3.64	$3.326.96
Speech Handicapped	$914	1.18	$1,078.52
Special Learning Disorders	$914	2.16	$1,974.24
Emotionally Disturbed	$914	2.83	$2,586.62
Multiple Handicapped	$914	2.73	$2,495.22

1/ Resource configurations and costs,educational programs for exceptional children, National Education Finance project, Rossmiller, Hale Frohreich. page 160-161.

Excess Cost Estimates by State

FY 1972

	STATE	Children Served 0-21	Percent Svd. 0-21	Children Unserved 0-21	Excess cost ~~of~~ ~~sving unsvd~~ (in thousands of dollars)
	TOTALS	2,848,721		3,701,750	2,602,129
1.	Alabama	22,384	20	88,765	42,075
2.	Alaska	1,975	37	3,175	3,369
3.	Arizona	12,678	32	27,381	18,646
4.	Arkansas	12,492	10	109,173	52,512
5.	Califorina	321,765	59	219,320	172,166
6.	Colorado	37,566	50	38,289	27,032
7.	Connecticut	35,544	40	54,322	49,704
8.	Delaware	8,351	53	7,371	6,221
9.	District of Columbia	9,568	44	12,339	11,241
10.	Florida	105,021	75	34,822	24,410
11.	Georgia	65,061	50	64,803	34,151
12.	Hawaii	9,106	46	10,484	8,555
13.	Idaho	8,395	23	28,[illegible]56	15,970
14.	Illinois	180,877	71	74,504	65,415
15.	Indiana	86,599	60	58,492	40,710
16.	Iowa	36,521	39	58,210	45,869
17.	Kansas	27,713	51	26,853	19,710
18.	Kentucky	24,336	31	54,050	28,755
19.	Louisiana	45,056	37	77,288	45,058
20.	Maine	6,758	22	23,985	15,710
21.	Maryland	66,259	54	57,380	50,150
22.	Massachusetts	63,460	58	45,152	35,444
23.	Michigan	165,018	57	123,279	107,992
24.	Minnesota	70,423	57	52,242	46,704
25.	Mississippi	16,587	14	99,479	42,875
26.	Missouri	65,110	29	156,468	104,834
27.	Montana	5,358	23	18,242	13,663
28.	Nebraska	23,734	25	69,834	49,093
29.	Nevada	6,300	46	7,340	5,439
30.	New Hampshire	6,070	31	13,304	9,233
31.	New Jersey	99,189	43	131,866	130,679
32.	New Mexico	8,655	16	44,471	28,239
33.	New York	221,219	59	15[illegible],5[illegible]2	191,764
34.	North Carolina	73,739	43	98,841	53,967
35.	North Dakota	8,947	19	38,268	23,764
36.	Ohio	175,300	52	160,598	112,900
37.	Oklahoma	23,746	16	120,840	69,966
38.	Oregon	26,274	55	21,770	19,005
39.	Pennsylvania	156,830	59	108,619	90,914
40.	Rhode Island	13,475	34	26,000	23,244
41.	South Carolina	38,275	36	68,230	35,207
42.	South Dakota	4,414	25	13,381	8,443
43.	Tennessee	49,173	37	82,730	41,779
44.	Texas	175,662	23	602,069	351,006
45.	Utah	27,079	61	17,100	10,465
46.	Vermont	4,612	22	16,019	11,774
47.	Virginia	44,768	31	101,980	67,103
48.	Washington	64,223	81	15,071	12,464
49.	West Virginia	15,161	19	65,400	39,829
50.	Wisconsin	66,230	43	89,583	76,325
51.	Wyoming	5,665	31	12,810	10,581
52.	American Samoa				
53.	Guam				
54.	Puerto Rico				
55.	Trust Territory				
56.	Virgin Islands				

EXCESS COSTS FOR ADEQUATE EDUCATION

Mr. **Flood**. What is the estimated additional cost nationwide to provide adequate education for the handicapped children?

Dr. **Martin**. The excess costs would run about two and a quarter billion dollars based on this kind of figuring. Three million children, at $700 a child, is roughly $2.1 billion.

RESEARCH AND DEMONSTRATIONS

Mr. **Flood**. You are requesting $93,609,000 for this appropriation, and of that $42,400,000 is for research and demonstration.

We have been listening to these proposals for some time here, especially on this phase of it. Haven't you demonstrated enough already? I have been on the Defense Appropriations Committee for quite a while and I am not unaware of R. & D. programs, and how the brothers hate to let go of the R. & D. programs. You have done "R" and you have been working on the "D" for years. What about getting off this kick on demonstration programs? This is $42 million again.

Dr. **Martin**. The answer to that is twofold. First, only $9.9 million of this request is for R. & D. efforts, in the sense that I believe you are talking about, comparable to defense R. & D. efforts. The other programs which are lumped in our budget under the heading special target programs are really service-oriented demonstration and model projects. There are basic efforts to impact on the States with actual programs serving children that then are picked up and used by the States as the model for their service delivery system.

EXAMPLES

For example, the early childhood projects are not R. & D. projects in the sense that we would think about if they were operated by our division of research. Instead we have taken an application from a community group that says it can demonstrate effective programs for handicapped children based on prior research evidence. They say, "Here is the approach we will use, and we will demonstrate it here in this community." And we, then, link, the State education agency with that demonstration project so that the State will pick it up.

For example, of the projects we have funded so far only two have not been continued by State or local effort. Many of them are spinning out to hundreds of projects. Let me give you an example.

In Portage, Wis., which is an upper Wisconsin rural area, an early childhood project there has shown itself to be successful, going from rural home to rural home, helping the parents of handicapped children to develop language and motor ability in children. They are now offering assistance to 15 other programs this year, showing them how to do it. An urban Headstart program in Milwaukee is recruiting assistance from the Portage project in carrying out a home-based project in the ghetto area. Another district of the Milwaukee school systems is also copying the project. The title I projects in upper Wisconsin will also receive technical assistance. The project itself is being replicated in its entirety in Texas and Suffolk County, N.Y. They are offering assistance to several hundred Headstart workers in how to do this kind of work and developing what could be a model State training plan. This project is collaborating with the Office of Child Development and is jointly funded this year. These projects of ours are the basic mechanism for what we have been calling a multiplier strategy in which we carefully select, with the local and State educational agencies, projects which they feel will influence the development of the service in that State.

These demonstration projects really give them the money to begin the activity. As an example, the title VI project in Oregon, demonstrated that trainable retarded youngsters, the more severely retarded youngsters, can be educated in the regular local school setup rather than in a State institution. That project then becomes the basis for State law allowing that kind of support in many areas of the State. So that is our strategy. It has not been one of helping with the basic costs of education through large scale grants to the States; it has been one of selective model and demonstration programs, but not in the R. & D. sense. Also, under the same heading is the deaf-blind program. The budget people put it together in a general heading last year. This year we tried to discriminate and show that these are not research projects, but are community service grants that form the foundation for new services in the State.

The deaf-blind projects, for example, are almost all services, except that people have not known how to deal with deaf-blind youngsters, so they do have a demonstration flavor.

RESEARCH ACTIVITY NOT TRANSFERRED TO NIE

Mr. FLOOD. We have created the National Institute of Education.

The committee held a hearing on it last week and we went into it at great length to get a full picture. You know the purpose and intent of the National Instiute of Education. That being so, why wasn't your research program transferred to the National Institute of Education, which is now the focus for research in education?

Dr. MARTIN. I think that is the result of two major kinds of analyses. One was that as the thinking was developed for the National Institute of Education, there were a variety of planning efforts made. One large scale one by the Rand Corp., and others. In each of those efforts the recommendation was made that the research program in education for the handicapped be left intact; that the kind of a program that the Federal Government was developing here in the handicapped depended on the articulation of research programs and the dissemination of these programs through our instructional material delivery system into teacher training programs and into services. We have been able to demonstrate over the last 5 years that you could articulate those programs, and that the research dollars that we were spending in the Bureau were supportive dollars. I have identified several major objectives attempting to provide full services.

Mr. FLOOD. The point is that in the course of setting up the National Institute of Education, they did not forget about you people.

Dr. MARTIN. No.

Mr. FLOOD. They very carefully examined and weighed the issue and as a result thereof, here you are by yourself.

Dr. MARTIN. Yes, we testified before Mr. Brademas, at great length, on this and that committee agreed that this was a program that had not profited under general research administration and should be retained in this form.

SUPPLY OF SPECIAL EDUCATION TEACHERS

Mr. FLOOD. What is the current situation with reference to the supply of special education teachers for the handicapped? What are you doing about that?

Dr. MARTIN. That is happily one of our most active areas, and one where we have felt that there is a tremendous change being made. There are roughly 300,000 teachers needed—about 287,000 teachers—that will be needed to fill the needs for handicapped children if we are going to provide full services. In recent years, as I mentioned to the committee last year, we changed the modal of funding from the earlier reliance solely on fellowships and scholarships to more flexible grants to the universities in which they could spend the dollars on adding additional faculty, beginning new programs in areas where there was a great need, for example, the multiple-handicapped children or in areas serving minority group handicapped children. As a result of that we then asked the universities to give us a different kind of qualitative statement. They would give us a statement related to: What are the objectives for training these people, and how would you measure their effectiveness? To help us with this whole task of implementing the strategy we have just added a new staff member who is in charge of that program, Dr. Whelan, from the University of Kansas. He was the head of the department of special education there. He is laying out the plans for our future manpower analysis.

Basically what I can say to you is that the number of people being trained in special education is going up very rapidly. We estimate some 40,000 teachers will be in training this year. About 22,000 will be ready for employment at the end of this year. We believe we can make progress toward having a manpower pool to supply the needs. We have had, for example, special efforts in Pennsylvania and special efforts in Massachusetts, which is one of the States which did not wait for the court order but which is implementing full services on its own to work with the State education agencies and the colleges and universities to help meet this specific problem of the court-ordered treatment for children.

Dr. OTTINA. Mr. Chairman, I wonder if I may add a postscript to the question you asked preceding this one. Mr. Martin's response to you about NIE was incomplete in one sense, and that was that as the specific programs that were undertaken by the Bureau of Handicapped were examined very thoroughly in the studies referred to——

Mr. FLOOD. Examined by whom?

Dr. OTTINA. By Mr. Martin, by a task force.

Dr. MARTIN. Also, by the NIE staff.

Mr. FLOOD. By your shop.

Dr. OTTINA. Also by external contracts. We did identify approximately $5.3 million worth of programs which were thought to be of general applicability to children at large, and these programs become part of the National Institute of Education.

Mr. FLOOD. I would like a biographical sketch of Dr. Martin in the record in view of that testimony.

[The biographical sketch follows:]

Name: Edwin W. Martin, Jr.

Position: Associate Commissioner, Bureau of Education for the Handicapped.

Birthplace and date: Oceanside, N.Y., September 3, 1931.

Education: Muhlenberg College, Allentown, Pa., 1945–53, B.A. University of

Alabama, University, Ala., 1953–55, M.A. University of Pittsburgh, Pittsburgh, Pa., 1957–61, doctor of philosophy, specialization in speech and hearing disorders and psychology.

Experience:

Present: Associate Commissioner, Bureau of Education for the Handicapped.

1967–69: Deputy Associate Commissioner, Bureau of Education for the Handicapped.

1966–67: Director, Ad Hoc Subcommittee on the Handicapped, U.S. House of Representatives, Washington, D.C.

1960–66: Assistant professor; associate professor of Speech, University of Alabama; associate professor of speech pathology, University of Alabama Medical School; codirector, Speech and Hearing Clinic, University of Alabama, University, Ala.

Association memberships: American Speech and Hearing Association, American Psychological Association, Council for Exceptional Children.

Publications: "Client Centered Therapy as a Theoretical Orientation for Speech Therapy," ASHA. "The Self as a Central Concept in Speech Therapy for Persons Who Stutter," chapter in New Directions in Stuttering. "Communication Problems of the Mentally Retarded," Alabama Mental Health. Review, Understand Those Feelings, E. Donald, Journal of Speech and Hearing Disorders.

Mr. Flood. Mr. Michel.

Mr. Michel. I will pass for the moment, Mr. Chairman.

Mr. Flood. Mr. Smith.

FUNDING PLAN FOR 1973

Mr. Smith. On this whole subject matter, you are proposing about the same level as this year.

Mr. Mattheis. That is correct. We are planning for the State grant program to be a part of the allocation of the special educational sharing program.

Mr. Smith. What is the level of funding in the continuing resolution?

Mr. Mattheis. I am not sure that has been finally determined.

Mr. Miller. I am sure you want the amount of the lower House or Senate bill. I will have to provide it for the record. I did not bring it with me.

[The information follows:]

The lower of the House or Senate allowance (by program) for "Education for the handicapped"

State grant program	$50,000,000
Special target programs:	
Deaf-blind centers	10,000,000
Early childhood projects	12,000,000
Special learning disabilities	3,250,000
Regional resource centers	7,243,000
Innovation and development	9,916,000
Technology and communication	13,500,000
Special education and manpower development	37,700,000
Total	143,609,000

Mr. Smith. So you remember how it corresponds with this. Is it about the same?

Mr. Miller. I think it is about the same. Did Congress add funds?

Mr. Keen. The lower amount is $143,609,000.

Mr. Miller. It is about $12 million above the level of the President's budget.

Mr. Keen. That is all in the State grant program.

Mr. SMITH. So essentially the budget is at the operating level in the continuing resolution.

Mr. MILLER. Under the interim spending plan, and not under your interpretation.

Mr. FLOOD. Under what?

Mr. MILLER. Under our interim spending plan the budget is at the operating level, but under the congressional interpretation of the continuing resolution it would be about $143 million.

AID FOR THE HANDICAPPED UNDER EDUCATION REVENUE SHARING

Mr. SMITH. Under your special revenue-sharing, are you proposing to put this same $37½ million into the educational part of revenue-sharing?

Mr. MATTHEIS. Mr. Smith, the total figure to be used in special education revenue sharing consists of a number of figures from other programs, one of them being the State grant program which has been a $37½ million program. It is not specifically identified as that figure, but those dollars would go into special education revenue sharing.

Mr. MILLER. That is the amount that was used to compute the total figure.

Mr. SMITH. You still do not have the special revenue-sharing plan up here, so here is another case where we are operating in a vacuum.

For example, how do we know that this money will go to the handicapped instead of being used for the gifted or something else?

Mr. MATTHEIS. It will be part of the specifications of the revenue sharing. I would only indicate that our thinking thus far has been to provide for an emphasis, a concern and interest in the education of the handicapped in the education revenue-sharing package.

Specifically, what it will be and what the dollar or percentage allocation would be are part of the specifications which we hope to have for you next week.

Mr. SMITH. Even though they may be permitted to use the $37½ million in somewhat different ways than they have in the past, would they still be required to use it on the handicapped?

Mr. MATTHEIS. That would be a part of the specifications that we would hedge on at this juncture and wait until next week to see how they come out in the final analysis.

Mr. SMITH. This is terribly important, and really it is crucial, to a consideration of this budget. I have had some experience with this. When I represented school districts and I was chairman of a welfare board, I saw local school boards shell out the money for the gifted—their parents were sitting there—but they said handicapped could go it alone. We had at one time in the Des Moines school system 70 children of all school ages who had too high an IQ to go to a State institution and yet too low to go to school. They were just slow learners, that is all, but the school board was not interested in taking care of them, but they had a good program for the gifted. Unless in the special revenue sharing there is some kind of requirement that this allocation of money be used actually for the handicapped, I think that is going to happen again. I do not see any reason why it won't, because that basic problem still exists, that the parents of the handicapped do not show up or have the leverage at board meetings while the parents of the gifted do.

Mr. Mattheis. I think that is true to a degree, Mr. Smith, although as we have indicated the trend is changing, in addition to laws, because of the changing attitudes of people. The problem is not as aggravated as it once was.

It is still a problem. I would not want to say it is not.

ALLOCATION PROCESS UNDER REVENUE SHARING

Mr. Smith. But the money would go to a State board.

Mr. Mattheis. That is right.

Mr. Smith. They could allocate it to intermediary units if they wanted to.

Mr. Mattheis. Yes; as a matter of fact, I am sure there will be provisions in the educational revenue-sharing package which would allow them to increase, if they so desire, funds from some other portions of the education revenue-sharing package for the education of the handicapped. I am sure that will be an option.

Mr. Smith. The other part is terribly important because in areas like Iowa very few local education institutions can be operating there on programs because it can be done more efficiently by a combination of districts or by some intermediary unit.

Dr. Martin. That is the basic structure that the State has been using under title VI–B, to provide services to children where there would not be a concentration in any given school or town.

Mr. Smith. I provided a bill and encouraged getting it through the legislature out there so they could qualify for that, but they could not do that until we had the Elementary and Secondary Education Act. Because of these things, we really cannot properly consider this budget proposal until we know first of all what is the level of funding in the continuing resolution and how do these budget figures compare with that. And second, and more important, exactly what are the provisions of the special revenue-sharing proposal?

It seems to me that we are not going to know that in time to consider this budget. So what we have to look at is how do these figures compare with last year and the appropriation level we would have to have to have the same program for this year. That is my last question: How much of an increase would be required in 1974 to have the same program level that the money provided in 1973?

Mr. Mattheis. We are actually contemplatihg a comparable amount.

Mr. Smith. That is dollars; I am talking about program level. It takes more dollars to get the same program level, does it not?

Mr. Mattheis. Excuse me, yes.

Dr. Martin. We have some figures on it, but I do not have them with me.

Mr. Smith. Supply that, item by item.

Dr. Martin. Yes, sir.

Mr. Smith. That is all I have.

Mr. Flood. Mr. Shriver.

Mr. Shriver. Thank you, Mr. Chairman.

DEAF-BLIND CENTERS

Mr. SHRIVER. I have been receiving mail urging me to support deaf-blind centers at the $10 million level rather than at the $7.5 million level for fiscal 1973. Your justification shows this program being funded at $10 million for both fiscal 1973 and 1974. Why do these people believe that the program is being cut to $7.5 million?

Mr. MATTHEIS. If I may, Dr. Martin will respond.

Dr. MARTIN. So far in the first three quarters of this year, while the Congress was acting on the appropriation bills for 1973 and on a continuing resolution, we have been spending at the fiscal year 1972 level rather than the 1973 budget level.

The 1972 level was $7½ million. The intent of your letters was to encourage the Department to spend at the 1973 budget level rather than the fiscal 1972 budget level.

As the recent continuing resolution is interpreted, as I understand Mr. Miller's remarks, we will be spending at the 1973 budget level or the House or Senate figures. I am not sure exactly what the interpretation will be.

Mr. SHRIVER. Do you want to verify that, Mr. Miller?

Mr. MILLER. We really don't know yet. We are seeking to come to the level of the President's budget at least.

As I testified on a number of occasions, we are developing a plan that would go before the OMB shortly and we expect to have an answer for you within the week.

Mr. FLOOD. The same week?

Mr. MILLER. The same week. It began running last Friday.

Mr. SHRIVER. We may have to have another hearing.

Mr. MILLER. I do not know. I must say if you have the time when we have the answers on the continuing resolution and special revenue sharing, we would certainly be glad to come up and present them orally or in writing, as you wish.

PRIORITY FOR THE HANDICAPPED

Mr. SHRIVER. You propose to eliminate the State grant program and say the States can use the special revenue-sharing money for this.

I have the same concern that Mr. Smith has as to whether they will use those funds. Have you had any conversation with the States relative to whether or not they will?

Mr. MATTHEIS. I think it might be interesting for Dr. Martin or some of his staff to indicate what has happened in the area of financing for education to handicapped in the States over recent years.

As a matter of fact, they have increased their budget allocations substantially, and this would give us some encouragement that they are considering this as a higher priority and giving it a new look as far as expenditure of funds is concerned. We have some degree of optimism on what they will do.

Dr. OTTINA. Before you do, let me make this statement. There has consistently been a Federal priority on the handicapped, and whatever the specific details of the educational revenue-sharing program will turn out to be, there certainly will be a Federal priority addressed against that, and it will undoubtedly specify that certain amounts of funds must be spent in that area unless particular conditions have been met.

Dr. MARTIN. Over the period from 1967 to now, about a million children have been added to the special education rolls. We feel that the Federal program has been extremely helpful in a number of different ways in increasing the supply of manpower and providing the models the States have used in a number of areas.

But the basic costs have been borne by the States. State funding has gone up on a magnitude I would say of about $1 billion. I could provide a more accurate estimate for the record in the future. But the curve is that way. Also one of the strategies we have worked on has been to help support the development of model State legislation which has been created and has been circulated to every State.

In some instances it has been adopted. For example, Tennessee passed it entirely. Other States have passed parts of it. Texas has had a very sweeping revision of its special education code based on the use of the title VI grant funds to do a needs analysis in the State of Texas. That new program has increased State funding something on the magnitude of $100 million over the last several years. So I feel that the Federal efforts have been extremely creative and catalytic in this regard, but the basic contributions for services to children are coming from the State and local education agencies. I would anticipate that curve would continue, within the fiscal limitations of States as well as the Federal Government.

Mr. SHRIVER. In my own State I know that many years ago we started an emphasis on special education in public schools through State participation. Would you supply for the record a list of States where cases have been filed?

Dr. MARTIN. Yes, sir.

[The information follows:]

PENDING CASES ON EQUAL EDUCATIONAL OPPORTUNITY FOR THE HANDICAPPED

RIGHT TO EDUCATION

Pennsylvania
Delaware
New York
Wisconsin
Utah
Maryland
North Carolina (2)
Michigan
Massachusetts
California (2)
Virginia
North Dakota
Colorado
Connecticut

RIGHT TO TREATMENT

Alabama
Georgia
Massachusetts
New York
Nebraska
Minnesota

RIGHT TO PLACEMENT

California (2)
Louisiana
Arizona
Massachusetts
New York

SPECIAL LEARNING DISABILITIES

Mr. SHRIVER. In your statement you mention that 30 States will have the benefit of these programs in 1974 to stimulate the States and so forth.

Will you provide a listing of the States for the record?

Dr. Martin. Yes, sir.

In the area of special learning disabilities?

Mr. Shriver. Yes.

[The information follows:]

Learning Disabilities States—Operational—1974

1. Alabama
2. Alaska
3. Arizona
4. Arkansas
5. Connecticut
6. Delaware
7. Florida
8. Georgia
9. Idaho
10. Iowa
11. Kansas
12. Kentucky
13. Louisiana
14. Maine
15. Maryland
16. Massachusetts
17. Michigan
18. Missouri
19. Nebraska
20. Nevada
21. New Mexico
22. New York
23. North Carolina
24. North Dakota
25. Oklahoma
26. Oregon
27. Pennsylvania
28. Rhode Island
29. South Carolina
30. South Dakota
31. Texas
32. Virginia
33. West Virginia
34. Wyoming
35. Puerto Rico (Territory)

SPECIAL TARGET GRANTS

Mr. Shriver. On page 4 of your statement you mentioned additional funds appropriated will be utilized to support eight State agencies through special target grants. Are those States identified now?

Dr. Martin. Not yet.

The special target grants program would be initiated under this budget request and will allow us to help the States specifically focus funds on severely handicapped youngsters whom they are beginning to have to deal with. There will be competition for those grants.

Mr. Shriver. The recently established National Center on Education Media Materials is where?

Dr. Martin. It is at Ohio State University.

Mr. Shriver. I think that is all, Mr. Chairman.

Mr. Flood. Mr. Casey.

Mr. Casey. Thank you, Mr. Chairman.

HANDICAPPED CHILDREN IN REGULAR CLASSROOMS

Dr. Martin, you mentioned briefly a while ago the programs of the handicapped going into regular class rooms.

Dr. Martin. Yes, sir.

Mr. Casey. How is that working? Has it been going on long enough to get any evaluation of it?

Dr. Martin. We are in the process of that evaluation now, Mr. Casey. Texas is a State which is gathering data under what they call the plan A and plan B system. Many handicapped children, the educable retarded children with specific learning difficulties have been readmitted to regular class programs. Special resource teachers and supplemental instruction personnel have begun to work with the children and teachers to supplement their regular programing.

We have had a very major comprehensive study going on during the first year of that program in which we have tried to measure as many variables on the youngsters as we could; their actual achievement measures, and also measures related to their attitudes and teacher attitudes toward them.

We are beginning to make that information available to the Texas Education Agency, which has been our partner in this endeavor.

I do not have summary totals on that because data analysis is underway. We are in the process of making our first report.

This study is not going to prove anything conclusively because it is not the kind of study where you could take half the children and allow them to have this kind of program and take the other half and allow them to have the other programing and compare the results. What it will do is describe what is happening to the children.

Are they learning, what are the attitudes they have, what are the attitudes of others toward them, how do the teachers feel about it?

In general, the Texas Education Agency is pleased with it. We have some indications that it seems to be working and the teachers feel it is working. But there are problems. Part of why we are doing the study is to identify the area of problems and see what is necessary. My own feeling is that many people overestimate the ease of reintegrating handicapped children, and that as this is done we are going to find that some children really don't profit and we will have to begin special programing again for at least some children. I think many can profit from the regular program of instruction and wherever possible a handicapped youngster should be educated with his nonhandicapped peers. That is the philosophy underlying this program. A lot of States are trying it. I recently approved another research grant which will study the effect of this kind of program in California.

It will be a couple of years before we do it. That will be a small scale study but a more tightly controlled research study. One of the things I have bargained to do for the special education community would be to encourage the expenditure of the Bureau's research funds to gather information of just this kind. Many State legislatures are very interested in this. Some because they are sensitive to questions of segregation of handicapped children and others because they think it might be a less costly alternative. That has not proven to be the case in Texas, I might add, so far. It costs a certain amount to give good quality education to handicapped children. I think one model or the other may not show clear advantages if you are primarily interested in cutting back on services. In that case you can do it more cheaply in either model.

Mr. Casey. Do they also study the effect on other children in the class?

Dr. Martin. Yes.

I believe there are measures of that kind. I might say that is a very sensitive point, because many people are concerned about it. In the past there has not been any research finding that I can remember or cite to you that has suggested that would be the case. But it is a common fear of parents. Part of the whole challenge of integrating handicapped children will be to measure that factor and to provide supportive information to teachers and parents as to whether or not there are in fact those kind of negative consequences of this program.

CLASSIFICATION OF AUTISTIC CHILDREN

Mr. CASEY. How do you classify the autistic children? Are they handicapped?

Dr. MARTIN. Yes, they are very severely handicapped.

Mr. CASEY. Do you have any programs going for them?

Dr. MARTIN. Yes, we are trying to make a specific focus on autistic children. One of the ways we have done this is to fund several model preschool programs around the country where there was capability for this, and then we have joined our training program with those preschool sites.

This is an example of the kind of thing that I mentioned in relation to Chairman Flood's question before, of the integration of research and demonstration programs with training.

So at present we are developing a network, or a loosely allied network, of centers—one in Los Angeles, one in New York—with spinout centers, including a program in Kansas, to develop a cadre of people who can work with autistic children.

We have a new program in Minnesota specifically designed for this area.

I have worked with the National Institute of Mental Health and also with the former Commissioner of Rehabilitation, and we will be meeting with the new Commissioner.

We had agreed that the Bureau would assume leadership in developing an agencywide increased effort within HEW toward autistic children. There is a working group who has been meeting with representatives of other agencies to coordinate a more sharply focused approach on the autistic child. He is a child who is very frequently in this "excluded" population. As we think of autistic children, they are children with very severe problems in relationships. They tend not to form close relationships—in fact, any relationships with parents or with other children. They are very much self-contained children. It is that "auto" behavior that leads to the word "autism" the notion of isolationism or self-containedness. Some people feel it is a very serious emotional problem similar to childhood schizophrenia. Others think it is a problem of basic neurology or biochemistry.

Mr. CASEY. It is not just an educational problem?

Dr. MARTIN. No.

Educational programs are ordinarily done in a center that specializes in emotionally disturbed children and one that has psychiatric or psychological programing as well.

SPECIAL EMPHASIS TOWARD AUTISTIC CHILDREN

Mr. CASEY. From your experience, do you think you are doing enough in this field? Do we need a special emphasis on autistic children?

Dr. MARTIN. I think we need a program emphasis and I have asked my staff to develop a plan for what some objectives would be in this area within our current authorities.

We have the authority to do more. It becomes a question of identifying autistic children as a priority and seeing how willing States would be to spend additional funds in this area and seeing how willing the teacher training universities would be.

We are already in that process and finding some receptivity.

I personally feel an advocacy role on our part in this area is indicated.

This is a clearly defined, excluded group of children. For example, through our information and referral service program, we have given special assistance to the National Society for Autistic Children which is a parent's group, in which we answer any letters of inquiry or referral that they might have and in which we have given them the specific kind of advertising in the Parents' Newsletter that goes out to hundreds of thousands of people across the country.

I think there will be enough interest in the program.

Mr. CASEY. In most instances these children have pretty good IQ's, do they not? They are not mentally damaged as far as learning is concerned, but it is a behavioral problem?

Dr. MARTIN. That can be true, and there are many instances where autistic children have average or greater than average intelligence.

It is sometimes very difficult to tell because the youngsters won't participate in any kinds of educational activities.

Many times they are placed in State institutions for the retarded. But the general feeling is that there are many autistic youngsters and many indications on record that these children can have normal or superior intelligence.

SPECIAL LEGISLATION FOR AUTISTIC CHILDREN

Mr. CASEY. We in Congress have had an inclination recently to pass separate bills on each individual problem that comes along that needs some attention.

Do you think we need a special bill as far as autistic children are concerned?

Do we have sufficient latitude and programs available to really tackle this problem?

Dr. MARTIN. I can honestly say to you—and I have lived through the development of this legislation over the last 6 or 7 years—that I think we can do the job educationally for autistic children, particularly now that we are asking in this budget for the special target group program which is reflected under the regional resource centers.

Mr. CASEY. You are speaking only of the educational end.

Dr. MARTIN. Yes, sir.

Mr. CASEY. What about finding some medical treatment or something that might help them is concerned?

Dr. MARTIN. There are authorities under the National Institute of Mental Health and the National Institute of Child Health and Human Development and the National Institute of Neurological Disease and Stroke, that can support medical research as well, and they are in fact supporting it in some instances. We feel the educational arena is really the area where there needs to be additional research and model program development because other than developing preventive research, this would be extraordinarily helpful.

Once the youngster begins to show the signs of autism, what you are involved in is a very long-term training and education proposition. The earlier efforts to treat these youngsters through psychotherapy alone have not proven to be the answer. In fact, the education programs, although they are coordinated with psychotherapy efforts, seem to be more productive.

So, I feel the areas where we need additional programing are ones I mentioned to you. We need to train more teachers to work with autistic children. Our first step is to train leadership people who can then train teachers. We need to develop model programs where these youngsters are getting good services, because you cannot teach teachers about these kids in the abstract. They have to be really in a "hands-on" program dealing with these severely handicapped youngsters. Also, the number of teachers trained is limited by the number of kids. You cannot put a hundred teachers around one child.

COORDINATION WITH MEDICAL RESEARCH

Mr. CASEY. This will have to be coordinated with our medical research efforts.

Dr. MARTIN. Yes; that is why I went to NIMH and talked to the Director about a coordinated effort. So while I say to you, yes, this is a worthy area; two, it needs additional attention, and three, we are doing the things I've mentioned and we have more funds this year than last and we will spend more funds next year than this year. I do not actually think we need a new authority to do it. I think it becomes a question of program priority rather than authority.

Mr. CASEY. The reason I wanted to develop that is that I am not just for picking out particular problem areas, although I have introduced a bill in this regard. What I wanted to find out, is this bill necessary? The purpose of my introducing the bill was to call attention to the fact that I think this problem should really share in the priorities to the degree I think it merits. I think it has been neglected in some respects.

Dr. MARTIN. I think your introduction of the bill has been helpful in that regard. I know that those of us who had begun efforts to create this advocacy task force prior to the introduction of that legislation obviously received support from others as they see that this is a public priority.

AVOIDANCE OF FRAGMENTED PROGRAMS

Mr. CASEY. I think you know if you bring any bill and can get it on the floor—I do not care what disease area—where it affects human life, it will pass. Nobody will vote against an autistic child. No one will vote against any disease. You name it, bring it up there, and it will pass. I do not think we ought to fragment things if we can get the proper emphasis.

Dr. MARTIN. I think that would be a step backward. Years ago the groups interested in the handicapped had to get over some of those parochial concerns, even though they were very legitimate concerns, in order to try to pull together in this legislation. I know there was great concern among the parents in one category of children or another that they would lose out.

But the record does not bear that out. The record shows that the Congress and the executive branch have asked for and appropriated additional funds and that the larger programs at that time still get a proportional share of interest. I think the really courageous people are some of the parent associations who gambled on this approach, sometimes under pressure from their own membership, have been upheld. So I would have to say to you that I think that the committee might watch our efforts and judge whether we are making appropriate gains, and I think we can do that without additional specific legislation. If you did open that door, we would perhaps find ourselves being faced with a number of similar kinds of bills, one for each area of the handicapped.

TECHNOLOGY AND COMMUNICATION

Mr. CASEY. Under technology and communications, set forth as $13 million on page 163, you show the fiscal data, third item, SEIMC/RMCN. What are those?

Dr. MARTIN. Two sets of programs we brought together in recent years. The RMCN is the regional center. These are centers for the deaf which grew out of legislation passed in 1958. There are four around the country, specializing in media for the deaf. There is one in Amherst, Mass., one in Tennessee which specializes in television.

Mr. CASEY. Television is where?

Dr. MARTIN. The University of Tennessee in Knoxville. These are special adaptations for the deaf. We have four of those centers.

Then the Special Education Information and Materials Center grew out of some recommendations of the President's Conference on Mental Retardation in the 1960's. There are expressed a specific need to have much more available to teachers of the handicapped, more appropriate information. The regular materials for nonhandicapped children were not effective.

What we then did was to gradually, throughout the next years 1964 through 1971, begin to make some grants to State education agencies and to colleges and universities to develop prototype instructional materials centers and to demonstrate how those centers might work in the communities around their locations, to develop materials, to catalog materials, to develop systems for evaluating materials, to explore linking their center with local centers. For example, one center at the University of Texas, was linked to three or four regional service centers which provided associate services. It is linked by teletype now and eventually it will be linked to each of the regional service centers in Texas. From our original investment, which was in 13 of these agencies, there are now more than 300 locally supported instructional materials centers.

The next stage of development, now that we feel we have moved out of the stage where each of these centers has shown what its capabilities are, where its strengths are—some are much better in teacher training, some in materials development, some better in evaluation, and so on. Our next step will be to link the regional media centers, the special education information materials center, and the National Center for Media Material into one very tightly articulated system which actually will get materials down into the hands of children. It will call on a national pool of information rather than just on a local or regional pool.

For example, in this entire system there are several major kinds of activities that will need to be done. The first is comprehensive development of materials. The materials will be developed anywhere in the country where people have the capability for doing that, but the regional centers will have the responsibility for gathering locally developed materials and screening and improving those. Then the National Center will take those materials and polish them. We don't want to have 14 centers all in the very expensive business of polishing final products, so we have asked the National Media Center to make a one-shot investment and use the other areas to complete this work.

Mr. CASEY. Give us a breakdown of the $7 million for the centers as well.

Dr. MARTIN. All right, sir.

[The information requested follows:]

Breakdown of $7 million for Special Education Instructional Materials Centers and Regional Media Centers

National Center/media and materials (inclusive)	$850,000
Southern States Cooperative Learning Resource Center	400,000
Special educational instructional materials centers (12 centers at $300,000)	3,600,000
Regional media centers for the deaf (4 centers at $300,000)	1,200,000
American Printing House for the Blind	300,000
SEIMC/RMC/NCEMRH network office	500,000
Evaluation funds	150,000
Total	7,000,000

TELEVISION FILMS

Mr. CASEY. Are you making television films?

Dr. MARTIN. Not television films per se. We have been making films for some time and captioning regular Hollywood productions for deaf audiences. We add a line which can be read by deaf audiences. We have been working more recently with educational television stations, encouraging them to caption television programs. We have paid to demonstrate that the Julia Child Show, when captioned, would be interesting to deaf audiences, and nondeaf people would not be distracted.

Mr. CASEY. Is this primarily school-aged children?

Dr. MARTIN. Yes, but not exclusively. The education program is aimed at school-aged children and most of our expenditures go there. The authority created by Congress in 1958 was at that time for adults. It was to promote cultural and educational improvement for deaf adults, so we have continued to develop some programing for deaf people who are adults as well as children.

Mr. CASEY. What kind of program? Is it for reading?

Dr. MARTIN. Yes, and for vocational training. For example, programs which are packaged to train people in basic electronic assembly skills. This is a program using films and film strips. It is now being used in a number of technical vocational programs across the country and it turns out to be useful not only for deaf adults but for retarded people. We do not produce recreational materials or cultural materials but we caption them so deaf people can enjoy them.

Mr. CASEY. Do you have a program of furnishing mechanical devices so they might read the slides, microfilms, or whatever it is you use?

Dr. Martin. In the past this program has distributed, only to classrooms for the deaf, film strip projectors and overhead projectors so that there could be at least one of those available in every classroom for the deaf in the country. We have reached that objective. We have not been providing equipment under this program.

We do support development of equipment under our research program and we have several very exciting new educational technology devices in the development process. But we have not proposed at this time to actually purchase them and distribute them at Federal expense.

Mr. Casey. Do you have coordination with the Library of Congress program?

Dr. Martin. Yes. We do not duplicate functions of the Library of Congress program. We use them to review new programs in the area of computer technology, for example, or where we have reading devices.

Mr. Casey. Enlarge a little for the record.

[The information requested follows:]

COORDINATION WITH THE LIBRARY OF CONGRESS

Library of Congress activity related to the area of the handicapped is primarily involved with distribution of specialized materials to blind and physically handicapped persons. Our own dissemination program, primarily the Special Education Instructional Materials Centers, would assist teachers by making them aware of these Library of Congress programs, but would not duplicate effort by actually distributing these materials. Thus, our primary relationship is supportive of Library of Congress activities, but not duplicative.

In addition, Library of Congress involvement with the handicapped results in their being a pool of experts who can assist Bureau of Education for the Handicapped in the identification of critical issues requiring our involvement and in the evaluation of proposals relating to instructional materials. For example, staff from the Library of Congress have aided us in our evaluation of activities related to computer translation from print to Braille and several projects relating to reading machines for the blind. There are many issues in this area where both agencies have interest, but there is no actual duplication of the types of activities which the two agencies carry on.

EXCEPTIONAL CHILDREN

Mr. Robinson. The term "exceptional children" sometimes is used broadly, I understand, to cover both the handicapped child who is exceptionally gifted with remarkable talent or a particularly high intelligence quotient. Has this been discussed today?

Mr. Mattheis. It has not been discussed.

Mr. Robinson. I would like to hear something with regard to this.

Dr. Martin. Under this authority there is no program for gifted youngsters authorized. While it is true that many special education programs in States administer programs under the same heading of exceptional children, this authority is limited to handicapped children as defined by the Congress, retarded and blind, and so forth, and not gifted children. We have a small program which is trying to stimulate programs for gifted children. It has gathered some support from other authorities—title III, vocational education, and so forth. We do not spend handicapped dollars on gifted programs.

Mr. Robinson. In Virginia we have the school for the deaf and blind. What, if any, is the effect of the change in the program you have now outlined on such an institution?

Dr. Martin. I cannot say, sir, at this time because I am not sure exactly what the specifications will be for that part of title I which applies to the schools for the deaf and blind. There is a special part of title I which goes to aid State institutions and State schools. Last year Virginia received about $735,000 under that authority. However, that specification is yet to be developed.

Dr. Ottina. That specification will have in it sufficient flexibility so the State of Virginia, if it so chooses, can continue to operate those programs as it has in the past.

Mr. Robinson. I was particularly interested in whether or not we would suffer a complete loss of the Federal funds if special revenue sharing does not indeed come into being.

Dr. Martin. If I understand you, you are saying if special revenue sharing is not passed will that program be terminated?

Mr. Mattheis. I might reiterate what we have said before, we have not made a contingency plan for——

Mr. Robinson. I understand that. I want to know whether or not these State grants included the money that Virginia gets for VSDB now.

Dr. Martin. Yes, they do.

GRANTS FOR SPECIAL EDUCATION TEACHERS

Mr. Robinson. What form do the grants to supplement the shortage of special education teachers take?

Dr. Martin. Grants to colleges and universities and State education agencies. They do two things—one, they support the development of faculties to offer courses and practical settings for teachers. They also have student aid for teachers available where student needs for special scholarships are involved. Funds to the States are used for inservice training, for teachers who are not now certified or for regular education teachers to help them become more knowledgeable about handicapped children they will serve.

Mr. Robinson. It is all institutional and agency aid and not student aid?

Dr. Martin. We do not make direct scholarship grants, but the colleges and universities do.

EXPLANATION OF 1973 BASE

Mr. Robinson. On page 133 of the justifications, under the second summary of figures, you state "base and change from base." What base are you referring to? This is just before you list your increases.

Dr. Martin. That is a 1973 appropriation sum, budget request.

Mr. Robinson. A 1973 budget request?

Dr. Martin. Yes.

Mr. Robinson. That is all I have, Mr. Chairman.

Mr. Patten. I have no questions, Mr. Chairman.

VARIATIONS IN COST OF PROGRAMS FOR THE HANDICAPPED

Mr. Michel. I have several questions. The first one has to do more or less with policy and philosophy. I note in the budget here for the deaf-blind that we are servicing 2,900 to 4,500 identifiable as such, $10 million. That averages out to something like $3,500 each.

Then we come to learning disabilities. There are roughly 1 million so identifiable. Federal expenditure there is $3¼ million.

Preschool handicapped shows 40,000 people, $12 million.

I cannot quite get it all assimilated into my mind as to why there are these wide discrepancies and differences in funding levels when we are talking about just a select few as against so many. Is it because with deaf-blind we treat it as a Federal responsibility inasmuch as States and families cannot cope with that big increase? With the others we have a considerable amount of State and local contributions in the private sector and, therefore, the Federal Government does not have to be so involved? I would like to have some response as to whether or not that thinking is all wet or whether that is really the reason for it. Every once in a while somebody will comment, "This is a lot of money for just a few." Wouldn't that justify a bigger Federal contribution in these other areas?

Dr. **Martin.** A child who is severely multiply handicapped, such as a deaf-blind child, has the same right to be educated to his fullest potential as every other child. The costs of this education, including essential related services, are considerable, because the barrier to learning presented by the impairments involved are enormous, and, most often, other physical and emotional disorders accompany the more obvious sensory disorders.

Because of these very high per child costs, because of the relatively low incidence of these children (limited sparsely throughout the United States), no one—parents, the States, the private sector—could possibly pay for a program for them to help them become as self-sufficient and self-supporting as possible. The Federal Government recognized several years ago that only it could provide the necessary resources to deal with this finite population of extreme special need.

The Federal role in this area, quite frankly, has been, and should be, as a purchaser of services for these very special children—services which they are entitled to as a matter of right, and which, simply, no one else could pay for. This is not the case in our other Federal education programs for the handicapped which are designed to be modeling, experimental, demonstration, and catalytic activities, the costs of which ultimately to be picked up from other than Federal sources. Thus, the discrepancy between the costs of educating the deaf-blind and those in our other program are a function of two operating factors; the philosophical basis upon which the Federal Government has accepted responsibility in the deaf-blind area on the one hand, and the catastrophically high cost itself of such education, on the other.

AVAILABILITY OF TECHNICAL ASSISTANCE

Mr. **Michel.** When you say "extensive technical assistance" will be provided by the Federal administrators of this program, are you talking about the revenue sharing program? What kind of technical assistance do you mean? Will they be prepared to help the States with respect to handicapped programs? What are your plans for making sure this technical assistance will be available to all who want it?

Dr. **Martin.** The technical assistance we request is of the same nature as has been made available to the States by us, at their request, for the past several years. We believe that it has a great deal of relevance and applicability whether it is conducted within or without a revenue sharing mode.

Basically characterized, technical assistance involves: providing developmental program assistance to the States, helping them to think through, in terms of their own individual needs as they assess them, their comprehensive long-range planning for educating their handicapped children, most effectively using all—including Federal—resources available to them; helping them as they strive to improve their processes of administration of their own, and federally assisted, programs and projects; and acting in a general liaison and information gathering and dissemination role, making knowledge of proving practices available, issuing periodic reports of studies, and so forth, and being available as resource people able to provide input into formation of States' policies, based upon a knowledge of programing as accumulated from throughout the country on a rational perspective. This kind of assistance has been available to States (and localities) who want it and we anticipate it to continue.

EFFECTS OF REVENUE SHARING

Mr. Michel. The programs in this activity were never intended to provide anything like total support for handicapped education in this country, were they? Would you speak to that point?

Then, if these programs are designed to act as catalysts to bring about changes in educational patterns in the field, isn't there a danger in removing Federal direction from the grant programs by putting them into revenue sharing? Are you taking the strings off, or are there any strings to take off?

Dr. Martin. It is correct that these programs were not intended to provide total support, but rather were designed and implemented to be catalysts to stimulate expansion and improvement of the States' own efforts in providing educational services for handicapped children. It might be added, incidentally, that this catalytic strategy has proven to be quite successful in many areas, perhaps most visibly in the early childhood area, in progress in State legislation, and in the general increase in the number of children being served with other than Federal funding.

The catalytic programing has taken place in an environment of interaction of the State grant programs (that is, the nondiscretionary programs of VI–B of FHA), and titles I (Public Law 89–331 amendment) and III of ESEA, and portions of the vocational educational amendments, with the several discretionary programs we administer. This interaction and coordination (at the State level) has permitted the States, using our available technical assistance to them, to develop comprehensive long-range planning to best utilize all of the resources—Federal, State, and local—available to them.

This is really the essence of the characteristics of our Federal role in the nondiscretionary area; we frankly have not thought of it as "strings" (though, indeed, there have been some minimal regulatory requirements which are necessary to assure program integrity, legality, and accountability). Our present expectation is, judging from the very favorable response we have had as we have carried out this role, that even under a revenue sharing mode, the States' utilization of our available technical assistance would continue at the same high level.

NATIONWIDE AMOUNTS FOR EDUCATION OF THE HANDICAPPED

Mr. MICHEL. What are we spending nationally for education efforts for the handicapped? Could you break that down for the record by Federal, State, and local funds? What other Federal programs provide funds for education of the handicapped?

Dr. MARTIN. In fiscal year 1972, $2,235,000,000 was spent in the Nation for educational efforts specifically directed toward education of the handicapped. State and local agencies spent $2,014,000,000 of this amount. This figure includes all Federal programs providing funds for the education of handicapped children, including Public Law 89-313 amendment to title I (ESEA); title III set aside for the handicapped; and the vocational education set-aside.

CURRENT MANPOWER NEEDS

Mr. MICHEL. What are the current manpower needs in this field? What kind of training do we need the most? How does your teacher training program in this activity relate to the administration's overall manpower and student assistance plans and priorities?

Dr. MARTIN. The largest need in terms of numbers of personnel required is the area of emotional disturbance. Only 14 percent of the estimated need in this area has been met. Across areas of handicapping conditions, it is estimated that 290,000 personnel are still needed to meet educational service needs of handicapped children.

There is still a shortage of leadership personnel (doctoral level) in the field of special education. Such personnel are needed to staff preparation programs for educators of handicapped children, and to provide training to regular educators pertaining to the education of handicapped children.

An effort should be made to recruit regular class teachers into the field. This strategy is more feasible at this time due to the surplus of regular class teachers. However, the recruitment of such individuals should not be conducted at the sacrifice of quality factors in selection of potential teachers. All project directors have been requested to provide student financial aid on the basis of need, and also on the basis of need for educators of handicapped children. The administration recognizes that educators of handicapped children are still needed, and has responded to this need by supporting the division of training programs' activities.

Mr. FLOOD. Mr. Obey?

ADDITIONAL NEEDS FOR SPECIAL EDUCATION TEACHERS

Mr. OBEY. On page 146 of the justifications you indicate there are not enough specially trained teachers for existing educational programs. Just a general question. What do you think is the most important thing which we can do in addition to what we are doing now to take care of that problem?

Dr. MARTIN. The most important thing would be to increase the capacity of the colleges and universities to train these teachers. That has a twofold subpart. One is that we have to support faculty. Special education may not be the most attractive area for an increase in university support, although students are finding this attractive and are flocking to it.

Many colleges and universities are having trouble with providing students the good kinds of practical experience needed because they are in communities where there are too few children available, so we have been developing and we need to develop alternative strategies for providing teachers with the internship kinds of experience that is necessary.

Mr. OBEY. Are you doing anything about the teacher surplus we have developed in the past few years? Is there anything we are doing to try to get some of those people into jobs in this area? Are we trying to get them into specialized training?

Dr. MARTIN. We have planned for this eventuality over the past couple years, again in two ways. One is to encourage these students into special education in the first place We don't want to get only the teachers who are not able to find employment into special education, so we have been recruiting undergraduate students and graduate students to get them into the field of special education That curve is up sharply. Students seem to have a higher service need. Some of this transfer is because job availability is there and people recognize the need.

Second, we have a lot of efforts, primarily through State departments, to train regular teachers into the special education area. This is done through in-service training and also through our graduate fellowship scholarship support to attract these people to come into degree programs in special education for 1 year. Many States require that.

We are also developing some programing right now——

TEACHER SURPLUS

Mr OBEY. I am trying to get at the specific question of the people who have gotten out into the job market, have not been able to get a teaching job because there are too many of them floating around. and eventually being diverted into noneducation areas. Is there anything we are trying to do to get those people back into this area? Is that practical?

Dr. MARTIN. It is practical. Colleges and universities are using fellowship scholarship support to attract these people to come into special education, giving them short-term training, usually up to 1 year to pick up the additional skills necessary to work with handicapped teachers In addition, in cooperation with the State education agencies, we have supported a great deal of teacher training, some under the grants to States and others, toward this population. The school district within a State will make plans to hire regular teachers to fill special class responsibilities and then provide supplemental instruction along the way.

We have also developed some computer-assisted instruction where regular teachers can receive additional training in special education.

UPGRADING OF TEACHERS

Mr. OBEY. You mention on page 167 upgrading and updating the 135,000 teachers currently employed, of whom nearly one-half are uncertified, and that this is a critical task. If that is a critical task should we not be spending more money on it than we are now? I note the budget is the same this year as it was last year.

Dr. MARTIN. This is one of a number of areas. In this entire area you continually face the problem that there is a great need. There are children unserved, insufficiency of teachers, and in any given year you will stop short. I can never say that there is not a need beyond the level of every budget we submit. In general the budget has been increasing in each of these areas.

PRIORITY AREAS

Mr. OBEY. If you were to pick out the one, two, and three areas which could most usefully use additional funds over and above what you have in this budget—I recognize you are not recommending that—what would they be?

Dr. MARTIN. I can best answer that by speaking in terms of where we have put the dollars available to us in the last few years.

Mr. OBEY. I would prefer you not answer it that way. We face a lot of competing demands, just as you do. If I were to take an intelligent position, in determining where additional funds would go in this budget above what you have in this budget before us, where would those areas be in your personal judgment?

Dr. MARTIN. The basic intention of this program is to help children get an education. The first priority comes to supporting children in additional programing within the schools. I think the most effective place to do that right now is in the preschool area because I feel as though we are able to demonstrate a great deal of improvement in those youngsters who have problems.

Last year more than 550 children were returned from our model preschool program to regular education settings, settings in which they had not been accepted before—either day care, Headstart, and so on. Those children represent a tremendous savings, not just the first year in school but every year throughout.

Mr. OBEY. You would rank that above additional effort for teacher training?

Dr. MARTIN. You need a balance between those two areas. You need to have the teachers do that job. We have increased the priority within the universities on training preschool teachers, for example, to parallel the growth in this area. I feel that is a preventative strategy. You are quite right, finite numbers of teachers available frequently limits development of new services. Throughout the years we have balanced increased request for services with increased requests for teachers.

Mr. MATTHEIS. In the area of teacher training, because of the teacher surplus, other agencies and institutions are working at that problem as well. They recognize that there are opportunities in the education of the handicapped and advise students to go into that area. So there is activity there whether or not we do anything.

In the area of the preschool, however, there is not that much activity by other agencies. That is why it ranks as a higher priority.

Mr. Obey. You mentioned $2½ billion as being the total cost of supplying the needs of kids we are not now reaching. Is that $2½ billion the cost above our present spending level?

Dr. Martin. An excess cost figure.

ENROLLMENTS IN PRESCHOOL PROGRAMS

Mr. Obey. On page 151 of the justifications, under the special target programs, you say the objective for 1973 was the increased enrollment of handicapped children in preschool programs by 75,000. What in fact has been the result? Have you reached that?

Dr. Martin. The fiscal year is not over, but our guess is that we will reach that figure. What happened was that we thought Congress would act to increase participation of handicapped children in the Headstart program. We felt that alone should bring in nearly 40,000 children, so this sum will be oversubscribed.

We have to patch together data in this area because there is no single agency which is responsible for preschool programing. The schools, for example, have limited programs, many private agencies run preschool programs, the health departments run them in some areas, and so on. We therefore have a hard time summing this up each year because there is no recording and reporting system in effect.

However, what we have been doing is gathering the data we can from the States, gathering data from our own sources, and asking others to send us the information that they have. The trend is up and we feel that more than 75,000 youngsters will be enrolled in preschool programs.

Mr. Obey. You say your goal is a total of 175,000. That is out of a total potential number of what?

Dr. Martin. We predict there are about one million of these children. That one million is based on about 5 percent of the population. The average is 10 percent of school-age population, but many of the disabilities we consider handicaps do not really display themselves as clearly until youngsters are at school age, for example, learning disabilities, emotional problems, and so forth.

IDENTIFICATION OF HANDICAPPED CHILDREN

Mr. Obey. You mentioned somewhere the difficulty we have in identifying kids who actually need services. Where is the biggest gap in that regard? Where is the biggest area we can improve in this identification?

Dr. Martin. Age group?

Mr. Obey. What devices?

Dr. Martin. I think we still have difficulty in actually processing children. Diagnostic teams are not extant. Schools have not developed a system for diagnosing youngsters and for testing them. Our effort in the regional resource program has been to demonstrate how youngsters can be individually diagnosed. In the learning disability programs a similiar approach is taken.

I talked to a State director in a given State, since I know he has a very good State law, one which would reimburse local districts for any handicapped class, and I aked why he wasn't coming closer to 100-percent identification. There were two answers. One was that they were not diagnosing the children, which would trigger the need for the classes; the other was a fiscal response.

Mr. OBEY. I served with Mr. Natcher on the District of Columbia Subcommittee last year. The school system there testified they had had considerable trouble in identifying those kinds of kids. What has been their specific problem? We had a terrible hassle getting any information at all from those people.

Dr. MARTIN. I cannot speak with authority on it, Mr. Obey. I can generalize from similar experiences. Again it is perhaps that they do not have the system and people in the system to do that job. There are a lot of children who have to be screened.

Mr. OBEY. I would appreciate your looking into it more thoroughly and expanding on it in the record.

[The information requested follows:]

IDENTIFICATION AND PLACEMENT IN THE DISTRICT OF COLUMBIA SCHOOLS

As of September 1972, in the District of Columbia, Placement Services were reorganized and expanded in order to place all students requiring services. As of January 1973, three special education staff members have been assigned to the four pupil personnel child and youth study teams to assist in the placement of all referred students. On the local school level students may be assigned to school-based special education teachers on the basis of a presumptive diagnostic statement thereby eliminating the need for a long delay before placement becomes available.

Parental notification is made in every case with the parent or guardian having the right to request a formal hearing if they are not in agreement with the recommendation.

Staff has been available on a full-time basis to answer any queries and give immediate feedback to persons requesting information.

The future emphasis will be on decentralized placement.

In general the outreach attempts to date have resulted in the identification of every few students who were previously unknown to the school system. The most effective procedure would be a door-to-door survey, which is being planned.

COMMUNICATION, PUBLIC RELATIONS, COORDINATION WITH OTHER FACILITIES AND SERVICES

A great deal of progress has been made in this area. Through the efforts of the Department of Pupil Personnel Services and Outreach announcement has appeared over a period of time announcing the availability of services for all students. A door-to-door census which will include an effort to identify additional handicapped students is in preoperational stage.

A task force on implementation of the Waddy Decree has been established consisting of representation from the public schools, Department of Human Resources, District of Columbia Government Budget Office, and the District of Columbia Corporation Counsel. Other members are to be added as necessary.

An effort has begun to organize and mobilize all community agencies around the establishment of priorities and programing in relation to those priorities.

RESEARCH IN OFFICE OF EDUCATION

Mrs. GREEN. As I understand it, in response to the chairman's question, you said all the R. & D. would remain in the Office of Education?

Dr. MARTIN. That is not completely true. I misspoke. We did have a transfer of $5 million from the R. & D. effort of the Bureau to the National Institute for Education. They also reviewed carefully with us the whole list of our projects and selected some which they felt had general educational implications and were basic in nature and for which they might be appropriate monitors.

Mrs. GREEN. By and large?

Dr. MARTIN. Yes.

Mrs. GREEN. Do you have at this time the amount that is being spent at NIH or NIMH in the same kind of research for handicapped children?

Dr. MARTIN. We will have to provide that for the record.

[The information follows:]

REMARKS ON NIH–NIMH RESEARCH

This question requires a response at at least three levels: Overall research and development activities in BEH, NIH, and NIMH: Special programs within the three organizations; and specific projects supported by these programs. We will have to request a thorough analysis on NIMH–NIH research to determine the amount of funds spent on handicapped children.

The research program within the Bureau of Education for the Handicapped is focussed on research relating to the education of handicapped children. While a considerable proportion of the NIH and NIMH research effort is directed at the handicapped, these efforts are generally less specific to educational problems and their solutions. Thus, while activities supported by each program may have implications for all, the agency missions are sufficiently unique to provide reasonable assurance against duplication of effort. In addition, where questions of jurisdiction cannot be clearly determined we can cooperate in the joint support of projects.

At the second level, we have identified the NIMH and NIH programs most likely to relate to our own activities. This involves primarily the extramural, research support programs of the three agencies. We are continuing to monitor other activities in both NIH and NIMH, but to date we have found no major areas either for concern over possible duplication or for need for coordination.

We have not typically or systematically monitored NIH and NIMH activities on a project by project basis, since we have been sufficiently confident that general and specific program considerations provided adequate assurance of necessary coordination. However, in response to this question we have requested comprehensive project listings from both NIH and NIMH for review. We anticipate that complete analysis of these materials may require several months. However, we will proceed with such an analysis to assure that we are achieving necessary coordination and avoiding undesirable duplication of effort.

AREAS OF RESEARCH

Dr. MARTIN. They would not be doing educational research in general, however. They might occasionally be doing research sometimes which might be similar but not so much on development of curriculum and methods of teaching.

Mrs. GREEN. It is not confined entirely to educational research, either, is it?

Dr. MARTIN. Almost entirely, yes.

THE MULLEN CONTRACT

Mrs. GREEN. I have some reservations about the amount spent on R. & D. You listed the highest priorities and placed first the need for support of services for children who are actually in school, handicapped children. Just to get it in the record, let me go to the Mullen contract with which you are familiar. Do you have at hand the total amount that you have given on the Mullen contract?

Dr. MARTIN. Approximately $750,000.

Mrs. GREEN. And the renewal in 1972 was for what amount?

Dr. MARTIN. $164,600. In the 4 years we have given them contracts for $140,456, $217,000, $222,492, $164,600.

Mrs. GREEN. $164,000 was the total in 1972?

Dr. **Martin**. Yes. There was some confusion in the newspaper stories which made it seem the whole $750,000 was this year.

Mrs. **Green**. I thought it was more than you suggest in 1972.

Dr. **Martin**. No, it was not; $500,000 was authorization for the program.

Mrs. **Green**. On a sole source basis?

Dr. **Martin**. Yes.

Mrs. **Green**. At the time the sole source contract was given to them was there an actual proposal before the Sole Source Board?

Dr. **Martin**. No; there was a proposal before the Bureau and the Bureau had in fact acted on this proposal and reviewed it. The program officer had the proposal in Boston where it was going to be handled by the regional contracting officer.

Mrs. **Green**. Does not the requirement in the Office of Education under the changes made, supposedly by Mr. Ottina last year, require that the proposal be before the Sole Source Board at the time the Sole Source Board is reviewing it?

Dr. **Martin**. After the proposal leaves our bureau and is approved at the program level, it is not under my control. I was not present. My understanding is that there was not a proposal in hand and there was a reason for that which may not have been a good reason.

Mrs. **Green**. It was a violation of the regulations as I understood it.

Dr. **Martin**. I am not sure about that.

Dr. **Ottina**. I do not believe that is true but we can verify it. Mr. Roberts served on the Sole Source Board from time to time.

Mrs. **Green**. Insert that information in the record.

[The information requested follows:]

Following is a copy of an internal Office of Education memorandum concerning Sole Source Board procedures:

FEBRUARY 12, 1973

To: Deputy Executive Officers
From: Director, Contracts and Grants Division
Subject: Sole Source Board Procedures; Clarification

1. Recently I have learned that there is some confusion on the part of program personnel regarding the nature of documentation required to be presented to the board. As examples, one official believed that he had to have a proposal from a prospective contractor to submit to the board. Another asked if he could bring an action before the board without such a proposal (he didn't have one).

2. Announcement No. 200 speaks to a "proposed action" to be brought before the board. Not only is a contractor proposal not necessary, but program personnel have no authority to solicit proposals. Of course, if a truly unsolicited proposal is received, it must be presented to the board.

3. The purpose of this memo is to make it clear that a proposed action to be brought before the board does not have to involve a contractor proposal. It may be a precise, definitive written statement of a program's requirement. In such a case, following board approval, solicitation of a sole source proposal would be accomplished by the Contracts and Grants Division.

RONALD L. FILIPY.

Addresses:
W. Barefoot (DCHE)
W. Jennings (DCOAE)
M. Reed (DCPEM)
J. Roberts (DCSS)
E. Sullivan (DCD)
D. Wendell (DOC)

As the above memorandum of February 12, 1973 indicates, it is not necessary to have a proposal in hand when a project is brought before the Sole Source Board. In fact, as the memorandum states, program personnel have no authority to solicit proposals at this state of the project's consideration.

INDIVIDUALS INVOLVED WITH MULLEN CONTRACT

Mrs. GREEN. Who was to be the chief program director under this contract?

Dr. MARTIN. For the Mullen Co. or our Bureau?

Mrs. GREEN. For the Mullen Co.

Dr. MARTIN. Howard Hunt.

Mrs. GREEN. E. Howard Hunt?

Dr. MARTIN. Yes.

Mrs. GREEN. Was he on any other Federal Government payroll at that time?

Dr. MARTIN. Simultaneously, he was not supposed to be. What happened was that about a year after we gave this contract to the Mullen Co. they hired Howard Hunt. They always have had more than one person work on a contract for us.

Mrs. GREEN. I understand that, but my question is this: At the time the sole source contract was given to the Mullen Co., with E. Howard Hunt as the chief program director, was he on any other Federal payroll?

Dr. MARTIN. He was working, as he had been informed, on a day basis at the White House.

Mrs. GREEN. At how much a day?

Dr. MARTIN. That they didn't tell us.

Mrs. GREEN. I think the record shows $100 per day at the White House at the time.

Dr. MARTIN. The Mullen Co. assured us he would not be working on our contract on the same days that he was working on a day basis there. They were keeping records along that line.

Mrs. GREEN. What expertise did E. Howard Hunt have to be the chief program director for this contract for the handicapped and what was the purpose of his contract?

Dr. MARTIN. Mr. Hunt was hired by the Mullen Co. and introduced to us as a man who had had expertise in writing. He had worked at other times for Time-Life, and had a background in writing on public affairs. He was unknown to us. We did not question their hiring him. We would not ordinarily question a university or any grantee or contractor inasmuch as we assume that we review the product they produce. They have had other people work for them in the past and who have worked for them since on our contracts——

Mrs. GREEN. I want to speed this up a little. I don't mean to cut you off. However, you say you did not know E. Howard Hunt. You are quoted as having said that you thought it would be helpful because he had close ties to the White House. Is that not correct?

Dr. MARTIN. I didn't say that. I didn't know Mr. Hunt when he was hired. I met him during the course of his duties.

BENEFITS FROM MULLEN CONTRACT

Mrs. GREEN. What did you receive (the Bureau) and what do you think the taxpayers received in benefits from the contract which was given to the Mullen Co.? Will you describe briefly how those $164,000, or the other thousands of dollars, were spent?

Dr. MARTIN. The Mullen Co. is simply charged with the responsibility of developing public information materials so that the parents know we have a referral service available to them which gives them information. I picked today 1 week, letters on this closer-look program——

Mrs. GREEN. You misunderstood my question. What was the purpose of this? How was this $164,000 to be spent?

Dr. MARTIN. Developing film commercials, radio and television commercials, and so forth.

Mrs. GREEN. Who appeared in those commercials?

Dr. MARTIN. A variety of people. Many of them have dealt with children and many have been narrated by prominent personalites. The most recent one was done by Julie Nixon Eisenhower.

Mrs. GREEN. In terms of the great needs which you have outlined and the high priorities, do you think that this committee would be justified in placing the amount that you request in R. & D. when the money is spent in this manner without handicapped children getting as much benefit as many people feel they should?

Dr. MARTIN. This program is helping parents. I have here three or four notes from them which we picked up this week saying "Thank you very much. I have found the program for my son as a result of the information you have given," and some of these are touching.

Mrs. GREEN. You refer to the $164,000?

Dr. MARTIN. Yes. This lets people know that we have on file a capability of providing them with information on availability of special education programs. Here is an example. "Through the information I was able to contact the right office in the State's special education department. Remedial help started recently. I will place this information on file in the public library."

There are other similar letters. One states they are moving from one State to another and they need new information.

I may not be saying this well, but when a parent writes, they want to know where they can get special education for the youngster and they want material. We have done that. We answered 120,000 letters like that.

The Mullen Co. was to get commercials, through cooperation of the advertising council and others, information out to the people to let them know it is available.

Mrs. GREEN. I certainly would ask that you be allowed to submit as many letters as you want.

Mr. FLOOD. Within reason.

Dr. MARTIN. There are parents getting help out of it. That kind of got lost in this publicity.

[The information follows:]

Examples of letters received from citizens concerning "Closer Look" follow:

NEW ROCHELLE, N.Y.,
February 20, 1973.

Two years ago with the help of the Closer Look commercial on television, I was able to find you, and receive from you at that time the information I needed then to help my youngest child, a boy, age now 11, who suffers from the learning disability (SLD), and is now attending school in New York City.

However, I am going to have to move in the Sarasota, Fla., area, and have no idea at all if the State of Florida has done anything at all in this area (SLD). I do know that at a recent discussion of these deficiencies in children, the speaker said that the State of New York is lagging way behind the other States with this help.

I would like to know if there is a school—public or private—on the west coast of Florida, which is geared to this learning problem.

Believe me, I wish to thank you for your help 2 years ago, and we have been most pleased with the school, but however, we must leave New York State, and I hope you can help me pick an area where my child will be able to get this help—or some such help—in the State of Florida.

I am enclosing a brochure invitation to a seminar to be held at Manhattanville College, Purchase, N.Y., on this subject, as I thought you might be interested in same.

I am also enclosing a check for the Closer Look program (returned) and hope you can see that the right people get same. It is my way of thanking them for leading me to the right place 2 years ago.

JACKSONVILLE, FLA.
February 2, 1973.

To Closer Look I wrote to you some time ago about my child Charles, I followed your advice and I was able to get the service he need the test was made and everything and he was also place in a special class so far he is doing extra fine only he is yet slow in learning to read, the physicians, Mrs. Condishan unreachable I thank—the good Lord for writing to Closer Look I no I am got a long ways to go but I read your booklet and is incourged I am very interested in this child in every way thanks I should had wrote you before now but just got carried away for the help I got—thank again again

---

CHICAGO, ILL.
February 12, 1973.

I have just received a copy of your November 1972 newsletter and was very impressed with the content.

The issue of confidentiality of records is timely and significant. I'm sure many of the parents receiving your letter will have some reaction to it. However, I think the message of Ms. Munsey's contribution and your editorial must also reach the professionals!

It is for this reason that I am requesting permission to reprint the Munsey piece and the majority of your editorial (from the 4th paragraph on) in the *Journal of Learning Disabilities.* We have a circulation of some 12,000 among the professional audience in this field. Of course, proper credit would be given to both Ms. Munsey and your newsletter.

Thank you for your consideration of this request.

CLARKSVILLE, MD.
February 9, 1973.

The Editorial appearing in your June 1972 issue was excellent. It's the first thing I have read that makes me feel that there are real live human beings stashed away in Washington!

May our organization have permission to reprint the Editorial?

REDWOOD FALLS, MINN.
February 17, 1973.

Through information in this package, I was able to contact the *right* office in our state special education department. Our daughter has been tested & remedial help started recently. I am going to place all of the literature I have gathered on file in the public library. With increased awareness—hopefully, many children will be helped in the future. Many thanks.

Mrs. GREEN. The sole source contract was awarded 2 days after the Watergate bugging incident in the newspaper. Is that correct?

Dr. MARTIN. I am not exactly sure. It seems the timing was something like that.

SOLE SOURCE BOARD

Mrs. Green. Was that not brought up at the Sole Source Board meeting and someone suggested it be looked into?

Dr. Martin. I was not there. I understand one of the people in informal discussion mentioned this.

Was it brought up?

Dr. Mueller. It was announced.

Mrs. Green. Was there not also an objection made that there was no proposal before the Sole Source Board and an objection raised to their taking action on it because there was no proposal before them?

Dr. Mueller. Not to my recollection. Our standard procedure is to send the Sole Source Board certain information about the proposal. In my experience we have never submitted the full-scale proposal.

Mrs. Green. This procedure in granting contracts does not give me any confidence that taxpayers moneys are being spent wisely. The stewardship exercised leaves much to be desired.

I would like to read into the record at this point a section from the minutes of the Sole Source Board meeting. I would like to quote from this section because it led directly to the unanimous vote by the Sole Source Board to continue the contract:

> At this point, one man present again asked where the copy of the proposal required by the board's rule was. No one knew. He proposed that the vote on the case be deferred until the board could have an opportunity to review the proposal:
>
> J. Evans (Acting Deputy Commisioner for Planning, Evaluation, and Management and a member of the board) proposed that the board vote without further review since the facts in the case seemed clear after the oral presentation.

Dr. Martin. One comment to clarify the record. These are not R. & D. funds. I would not want your genuine concern about this program to spill over into the R. & D. This is a specific authority passed by the Congress to provide information to parents and to provide recruiting information to children to come into the special education field, college students. We have run it this way and explained it year by year to the committee.

When we testified on it we explained it would be that kind of program. Recently Congress in the Vocational Rehabiliattion Act passed authority for a very similar kind of an information service to be run by HEW, much of which we could do easily by simply expanding the kind of information we have. But it is not an R. & D. program.

Mrs. Green. I am glad you clarified that. Would you put in the record how much you are asking under these kinds of contracts for public information?

Dr. Martin. Yes.

[The information follows:]

Recruitment and Information

$500,000 REQUESTED IN FISCAL YEAR 1974

This funding level will support several projects designed to provide information to parents concerning education programs for their children, where special classes and schools are located, the type of disorder treated, et cetera. Similar information about colleges and universities offering special education training is made available. This activity does not support general public information activities of the U.S. Office of Education.

Activities funded in fiscal year 1972 included: (1) R. R. Mullen, public information; (2) Exotech, maintaining information and answering letters; (3)

"Washington Opportunities for Women," a local Washington, D.C., information and referral service; and (4) Thursday's child television program produced by Robert Lewis Shayon, information to parents on the Pennsylvania "Right to Education" suit.

Mrs. Green. For the dissemination of this information?

Dr. Martin. Only the one.

MANPOWER DEVELOPMENT

Mr. Natcher. In your manpower development request for the 23,000 teachers, is this a matter of starting these people from the beginning updating them?

Dr. Martin. What we are dealing with basically is a grant to colleges and universities or to State education agencies. Basically it involves colleges and universities.

At one time the program was limited to fellowship or scholarship applications. Several years ago, in part because of conversations we had with Mr. Smith, we reviewed that whole program and changed the format so as to increase the number of possibilities for training people and to increase the efficiency of the program. We did this by giving the universities more flexibility to spend those dollars provided they did two things—show us increased numbers of students trained and show us some measures to evaluate the effectiveness of those students.

Since that program has gone into effect, this being the first year, we are finding that the universities are able to train more students, that they are spreading money among students in relation to need, and that they are adding faculty members. A greater number of people are being trained.

Mr. Natcher. In other words, you are starting them from the beginning. It is not a matter of updating but starting from the beginning?

Dr. Martin. That is part of it. The other half is updating; 15,000 teachers last year received parttime institute kind of training for updating through this program.

Mr. Flood. Thank you very much, gentlemen.

Justification of the Budget Estimates

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Education for the Handicapped

Amounts Available for Obligation

	1973	1974
Appropriation..................	$ 131,109,000	$ 93,609,000
Comparative transfer to: "Salaries and expenses".......	-90,000	---
Total, obligations...........	$ 131,019,000	$ 93,609,000

Obligations by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
147	State grant program...............	$ 37,500,000	$ ---	$- 37,500,000
	Special target programs:			
149	(a) Deaf-blind centers..........	10,000,000	10,000,000	---
151	(b) Early childhood projects....	12,000,000	12,000,000	---
153	(c) Special learning disabilities..............	3,250,000	3,250,000	---
154	(d) Regional resource centers...	7,243,000	7,243,000	---
156	Innovation and development........	9,916,000	9,916,000	---
	Technology and communication:			
161	(a) Media services and captioned films.....................	13,000,000	13,000,000	---
165	(b) Recruitment and information.	500,000	500,000	---
167	Special education and manpower development.....................	37,610,000	37,700,000	+ 90,000
	Total obligations.................	$131,019,000	$ 93,609,000	$- 37,410,000

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Full-time equivalent of all other positions................	3	1	-2
Average number of all employees..	3	1	-2
Personnel compensation:			
Positions other than permanent......................	$ 32,500	$ 24,000	$ -8,500
Personnel benefits................	3,000	—	-3,000
Travel and transportation of persons.........................	53,500	61,000	+7,500
Transportation of things..........	4,000	4,000	—
Rent, communications, and utilities......................	2,000	—	-2,000
Printing and reproduction.........	27,000	28,000	+1,000
Other services			
Project contracts...............	10,734,000	32,798,000	+22,064,000
Supplies and materials............	1,000	1,000	—
Grants, subsidies, and contributions..................	120,162,000	60,693,000	-59,469,000
Total obligations by object.....	$131,019,000	$ 93,609,000	$-37,410,000

Summary of Changes

1973 Estimated obligations................................	$ 131,019,000
1974 Estimated obligations................................	93,609,000
Net change..................................	$- 37,410,000

	Base	Change from Base
Increases:		
A. Program:		
1. Special education and manpower development......................	$ 37,610,000	$ 90,000
Total, increases.........		90,000
Decreases:		
A. Program:		
1. State grant program...............	37,500,000	-37,500,000
Total, decreases.........		-37,500,000
Total, net change...........................		$-37,410,000

Explanation of Changes

Increases:
- A. Program:
  - 1. Special education and manpower development--The $90,000 increase will allow a slight increase in the number of institutions receiving funds for grants, from 324 in 1973 to 334 in 1974. Thus efforts toward meeting the shortage of special education teachers can be somewhat expanded.

Decreases:
- A. Program:
  - 1. State grant program--Under legislation to be proposed by the Administration, Federal support for education of the handicapped will be continued as part of Special Education Revenue Sharing.

Authorizing Legislation

	1974	
Legislation	Authorized	Appropriation requested
Education of the Handicapped Act:		
Part C — Section 621, Regional resource centers	$ 1/	$ 7,243,000
— Section 622, Deaf-blind centers	1/	10,000,000
— Section 623, Early childhood projects	1/	12,000,000
Part D — Section 631 and 632, Special education and manpower development	1/	37,700,000
— Section 633, Recruitment and information	1/	500,000
Part E — Innovation and development	1/	9,916,000
Part F — Media services and captioned films	20,000,000	13,000,000
Part G — Special learning disabilities	1/	3,250,000

1/ Authorization expires June 30, 1973; extension legislation is proposed.

PART B—ASSISTANCE TO STATES FOR EDUCATION OF HANDICAPPED CHILDREN

AUTHORIZATION

SEC. 611. (a) The Commissioner is authorized to make grants pursuant to the provisions of this part for the purpose of assisting the States in the initiation, expansion, and improvement of programs and projects for the education of handicapped children at the preschool, elementary school, and secondary school levels.

(b) For the purpose of making grants under this part there is authorized to be appropriated $200,000,000 for the fiscal year ending June 30, 1971, $210,000,000 for the fiscal year ending June 30, 1972, and $220,000,000 for the fiscal year ending June 30, 1973.

(20 U.S.C. 1411) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 611 84 Stat. 178.

PART C—CENTERS AND SERVICES TO MEET SPECIAL NEEDS OF THE HANDICAPPED

REGIONAL RESOURCE CENTERS

SEC. 621. (a) The Commissioner is authorized to make grants to or contracts with institutions of higher education, State educational agencies, or combinations of such agencies or institutions, which combinations may include one or more local educational agencies, within particular regions of the United States, to pay all or part of the cost of the establishment and operation of regional centers which will develop and apply the best methods of appraising the special educational needs of handicapped children referred to them and will provide other services to assist in meeting such needs. Centers established or operated under this section shall (1) provide testing and educational evaluation to determine the special educational needs of handicapped children referred to such centers, (2) develop educational programs to meet those needs, and (3) assist schools and other appropriate agencies, organizations, and institutions in providing such educational programs through services such as consultation (including, in appropriate cases, consultation with parents or teachers of handicapped children at such regional centers), periodic reexamination and reevaluation of special educational programs, and other technical services.

(b) In determining whether to approve an application for a project under this section, the Commissioner shall consider the need for such a center in the region to be served by the applicant and the capability of the applicant to develop and apply, with the assistance of funds under this section, new methods, techniques, devices, or facilities relating to educational evaluation or education of handicapped children.

(20 U.S.C. 1421) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 621, 84 Stat. 181.

CENTERS AND SERVICES FOR DEAF-BLIND CHILDREN

SEC. 622. (a) It is the purpose of this section to provide, through a limited number of model centers for deaf-blind children, a program designed to develop and bring to bear upon such children, beginning as early as feasible in life, those specialized, intensive professional and allied services, methods, and aids that are found to be most effective to enable them to achieve their full potential for communication with, and adjustment to, the world around them, for useful and meaningful participation in society, and for self-fulfillment.

(b) The Commissioner is authorized, upon such terms and conditions (subject to the provisions of subsection (b)(1) of this section) as he deems appropriate to carry out the purposes of this section, to make grants to or contracts with public or nonprofit private agencies, organizations, or institutions to pay all or part of the cost of establishment, including construction, which for the purposes of this section shall include the construction of residential facilities, and operation of centers for deaf-blind children.

(c) In determining whether to make a grant or contract under subsection (b), the Commissioner shall take into consideration the need for a center for deaf-blind children in the light of the general availability and quality of existing services for such children in the part of the country involved.

(d)(1) A grant or contract pursuant to subsection (b) shall be made only if the Commissioner determines that there is satisfactory assurance that the center will provide such services as he has by regulation prescribed, including at least—

(A) comprehensive diagnostic and evaluative services for deaf-blind children;

(B) a program for the adjustment, orientation, and education of deaf-blind children which integrates all the professional and allied services necessary therefor; and

(C) effective consultative services for parents, teachers, and others who play a direct role in the lives of deaf-blind children to enable them to understand the special problems of such children and to assist in the process of their adjustment, orientation, and education.

(2) Any such services may be provided to deaf-blind children (and, where applicable, other persons) regardless of whether they reside in the center, may be provided at some place other than the center, and may include the provision of transportation for any such children (including an attendant) and for parents.

(20 U.S.C. 1422) Enacted April 13, 1960, P.L. 91–230, Title VI, sec. 622, 84 Stat. 182.

EARLY EDUCATION FOR HANDICAPPED CHILDREN

SEC. 623. (a) The Commissioner is authorized to arrange by contract, grant, or otherwise with appropriate public agencies and private nonprofit organizations, for the development and carrying out by such agencies and organizations of experimental preschool and early education programs for handicapped children which the Commissioner determines show promise of promoting a comprehensive and strengthened approach to the special problems of such children. Such programs shall be distributed to the greatest extent possible throughout the Nation, and shall be carried out both in urban and in rural areas. Such programs shall include activities and services designed to (1) facilitate the intellectual, emotional, physical, mental, social, and language development of such children; (2) encourage the participation of the parents of such children in the development and operation of any such program; and (3) acquaint the community to be served by any such program with the problems and potentialities of such children.

(b) Each arrangement for developing or carrying out a program authorized by this section shall provide for the effective coordination of each such program with similar programs in the schools of the community to be served by such a program.

(c) No arrangement pursuant to this section shall provide for the payment of more than 90 per centum of the cost of developing, carrying out, or evaluating such a program. Non-Federal contributions may be in cash or in kind, fairly evaluated, including, but not limited to, plant, equipment, and services.

(20 U.S.C. 1423) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 623, 84 Stat. 183.

RESEARCH, INNOVATION, TRAINING, AND DISSEMINATION ACTIVITIES IN CONNECTION WITH CENTERS AND SERVICES FOR THE HANDICAPPED

SEC. 624. (a) The Commissioner is authorized, either as part of any grant or contract under this part, or by separate grant to, or contract with, an agency, organization, or institution operating a center or providing a service which meets such requirements as the Commissioner determines to be appropriate, consistent with the purposes of this part, to pay all or part of the cost of such activities as—

(1) research to identify and meet the full range of special needs of handicapped children;

(2) development or demonstration of new, or improvements in existing, methods, approaches, or techniques, which would contribute to the adjustment and education of such children;

(3) training (either directly or otherwise) of professional and allied personnel engaged or preparing to engage in programs specifically designed for such children, including payment of stipends for trainees and allowances for travel and other expenses for them and their dependents; and

(4) dissemination of materials and information about practices found effective in working with such children.

(b) In making grants and contracts under this section, the Commissioner shall insure that the activities funded under such grants and contracts will be coordinated with similar activities funded from grants and contracts under other parts of this title.

(20 U.S.C. 1424) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 624, 84 Stat. 183.

AUTHORIZATION OF APPROPRIATIONS

SEC. 626. There are hereby authorized to be appropriated $36,500,000 for the fiscal year ending June 30, 1971, $51,500,000 for the fiscal year ending June 30, 1972, and $66,500,000 for the fiscal year ending June 30, 1973, for the purpose of carrying out the provisions of this part.

(20 U.S.C. 1426) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 626, 84 Stat. 184.

PART D—TRAINING PERSONNEL FOR THE EDUCATION OF THE HANDICAPPED

GRANTS TO INSTITUTIONS OF HIGHER EDUCATION AND OTHER APPROPRIATE INSTITUTIONS OR AGENCIES

SEC. 631. The Commissioner is authorized to make grants to institutions of higher education and other appropriate nonprofit institutions or agencies to assist them—

(1) in providing training of professional personnel to conduct training of teachers and other specialists in fields related to the education of handicapped children;

(2) in providing training for personnel engaged or preparing to engage in employment as teachers of handicapped children, as supervisors of such teachers, or as speech correctionists or other special personnel providing special services for the education of such children, or engaged or preparing to engage in research in fields related to the education of such children; and

(3) in establishing and maintaining scholarships, with such stipends and allowances as may be determined by the Commissioner, for training personnel engaged in or preparing to engage in employment as teachers of the handicapped or as related specialists.

Grants under this subsection may be used by such institutions to assist in covering the cost of courses of training or study for such personnel and for establishing and maintaining fellowships or traineeships with such stipends and allowances as may be determined by the Commissioner.

(20 U.S.C. 1431) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 631, 84 Stat. 184.

GRANTS TO STATE EDUCATIONAL AGENCIES

SEC. 632. The Commissioner is authorized to make grants to State educational agencies to assist them in establishing and maintaining, directly or through grants to institutions of higher education, programs for training personnel engaged, or preparing to engage, in employment as teachers of handicapped children or as supervisors of such teachers. Such grants shall also be available to assist such institutions in meeting the cost of training such personnel.

(20 U.S.C. 1432) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 632, 84 Stat. 184.

GRANTS OR CONTRACTS TO IMPROVE RECRUITING OF EDUCATIONAL PERSONNEL, AND TO IMPROVE DISSEMINATION OF INFORMATION CONCERNING EDUCATIONAL OPPORTUNITIES FOR THE HANDICAPPED

SEC. 633. The Commissioner is authorized to make grants to public or nonprofit private agencies, organizations, or institutions, or to enter into contracts with public or private agencies, organizations, or institutions, for projects for—

(1) encouraging students and professional personnel to work in various fields of education of handicapped children and youth through, among other ways, developing and distributing imaginative or innovative materials to assist in recruiting personnel for such careers, or publicizing existing forms of financial aid which might enable students to pursue such careers, or

(2) disseminating information about the programs, services, and resources for the education of handicapped children, or providing referral services to parents, teachers, and other persons especially interested in the handicapped.

(20 U.S.C. 1433) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 633, 84 Stat. 184.

TRAINING OF PHYSICAL EDUCATORS AND RECREATION PERSONNEL FOR HANDICAPPED CHILDREN

SEC. 634. The Commissioner is authorized to make grants to institutions of higher education to assist them in providing training for personnel engaged or preparing to engage in employment as physical educators or recreation personnel for handicapped children or as educators or supervisors of such personnel, or engaged or preparing to engage in research or teaching in fields related to the physical education or recreation of such children.

(20 U.S.C. 1434) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 634, 84 Stat. 185.

AUTHORIZATION OF APPROPRIATIONS

SEC. 636. There are authorized to be appropriated for carrying out this part, $69,500,000 for the fiscal year ending June 30, 1971, $87,000,000 for the fiscal year ending June 30, 1972, and $103,500,000 for the fiscal year ending June 30, 1973.

(20 U.S.C. 1436) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 636, 84 Stat. 185.

PART E—RESEARCH IN THE EDUCATION OF THE HANDICAPPED

RESEARCH AND DEMONSTRATION PROJECTS IN EDUCATION OF HANDICAPPED CHILDREN

SEC. 641. The Commissioner is authorized to make grants to States, State or local educational agencies, institutions of higher education, and other public or nonprofit private educational or research agencies and organizations, and to make contracts with States, State or local educational agencies, institutions of higher education, and other public or private educational or research agencies and organizations, for research and related purposes and to conduct research, surveys, or demonstrations, relating to education of handicapped children.

(20 U.S.C. 1441) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 641, 84 Stat. 185.

RESEARCH AND DEMONSTRATION PROJECTS IN PHYSICAL EDUCATION AND RECREATION FOR HANDICAPPED CHILDREN

SEC. 642. The Commissioner is authorized to make grants to States, State or local educational agencies, institutions of higher education, and other public or nonprofit private educational or research agencies and organizations, and to make contracts with States, State or local educational agencies, institutions of higher education, and other public or private educational or research agencies and organizations, for research and related purposes relating to physical education or recreation for handicapped children, and to conduct research, surveys, or demonstrations relating to physical education or recreation for handicapped children.

(20 U.S.C. 1442) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 642, 84 Stat. 185.

AUTHORIZATION OF APPROPRIATIONS

SEC. 644. There are hereby authorized to be appropriated $27,000,000 for the fiscal year ending June 30, 1971, $35,500,000 for the fiscal year ending June 30, 1972, and $45,000,000 for the fiscal year ending June 30, 1973, for carrying out the provisions of this part.

(20 U.S.C. 1444) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 644, 84 Stat. 186.

PART F—INSTRUCTIONAL MEDIA FOR THE HANDICAPPED

PURPOSE

SEC. 651. (a) The purposes of this part are to promote—

(1) the general welfare of deaf persons by (A) bringing to such persons understanding and appreciation of those films which play such an important part in the general and cultural advancement of hearing persons, (B) providing through these films enriched educational and cultural experiences through which deaf persons can be brought into better touch with the realities of their environment, and (C) providing a wholesome and rewarding experience which deaf persons may share together; and

(2) the educational advancement of handicapped persons by (A) carrying on research in the use of educational media for the handicapped, (B) producing and distributing educational media for the use of handicapped persons, their parents, their actual or potential employers, and other persons directly involved in work for the advancement of the handicapped, and (C) training persons in the use of educational media for the instruction of the handicapped.

(20 U.S.C. 1451) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 651, 84 Stat. 186.

CAPTIONED FILMS AND EDUCATIONAL MEDIA FOR HANDICAPPED PERSONS

SEC. 652. (a) The Commissioner shall establish a loan service of captioned films and educational media for the purpose of making such materials available in the United States for nonprofit purposes to handicapped persons, parents of handicapped persons, and other persons directly involved in activities for the advancement of the handicapped in accordance with regulations.

(b) The Commissioner is authorized to—

(1) acquire films (or rights thereto) and other educational media by purchase, lease, or gift;

(2) acquire by lease or purchase equipment necessary to the administration of this part;

(3) provide for the captioning of films;

(4) provide for the distribution of captioned films and other educational media and equipment through State schools for the handicapped and such other agencies as the Commissioner may deem appropriate to serve as local or regional centers for such distribution;

(5) provide for the conduct of research in the use of educational and training films and other educational media for the handicapped, for the production and distribution of educational and training films and other educational media for the handicapped and the training of persons in the use of such films and media, including the payment to those persons of such stipends (including allowances for travel and other expenses of such persons and their dependents) as he may determine, which shall be consistent with prevailing practices under comparable federally supported programs;

(6) utilize the facilities and services of other governmental agencies; and

(7) accept gifts, contributions, and voluntary and uncompensated services of individuals and organizations.

(20 U.S.C. 1452) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 652, 84 Stat. 186.

NATIONAL CENTER ON EDUCATIONAL MEDIA AND MATERIALS FOR THE HANDICAPPED

SEC. 653. (a) The Secretary is authorized to enter into an agreement with an institution of higher education for the establishment and operation of a National Center on Educational Media and Materials for the Handicapped, which will provide a comprehensive program of activities to facilitate the use of new educational technology in education programs for handicapped persons, including designing and developing, and adapting instructional materials, and such other activities consistent with the purposes of this part as the Secretary may prescribe in the agreement. Such agreement shall—

(1) provide that Federal funds paid to the Center will be used solely for such purposes as are set forth in the agreement;

(2) authorize the Center, subject to the Secretary's prior approval, to contract with public and private agencies and organizations for demonstration projects; and

(3) provide for an annual report on the activities of the Center which will be transmitted to the Congress.

(b) In considering proposals from institutions of higher education to enter into an agreement under this subsection, the Secretary shall give preference to institutions—

(1) which have demonstrated the capabilities necessary for the development and evaluation of educational media for the handicapped; and

(2) which can serve the educational technology needs of the Model High School for the Deaf (established under Public Law 89-694).

(20 U.S.C. 1453) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 653, 84 Stat. 187.

AUTHORIZATION OF APPROPRIATIONS

SEC. 654. For the purpose of carrying out this part, there are hereby authorized to be appropriated not to exceed $12,500,000 for the fiscal year ending June 30, 1971, $15,000,000 for the fiscal year ending June 30, 1972, and $20,000,000 for the fiscal year ending June 30, 1973, and each succeeding fiscal year thereafter.

(20 U.S.C. 1454) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 654, 84 Stat. 187.

PART G—SPECIAL PROGRAMS FOR CHILDREN WITH SPECIFIC LEARNING DISABILITIES

RESEARCH, TRAINING, AND MODEL CENTERS

SEC. 661. (a) The Commissioner is authorized to make grants to, and contracts with, institutions of higher education, State and local educational agencies, and other public and private educational and research agencies and organizations (except that no grant shall be made other than to a nonprofit agency or organization) in order to carry out a program of—

(1) research and related purposes relating to the education of children with specific learning disabilities;

(2) professional or advanced training for educational personnel who are teaching, or are preparing to be teachers of, children with specific learning disabilities, or such training for persons who are, or are preparing to be, supervisors and teachers of such personnel; and

(3) establishing and operating model centers for the improvement of education of children with specific learning disabilities, which centers shall (A) provide testing and educational evaluation to identify children with learning disabilities who have been referred to such centers, (B) develop and conduct model programs designed to meet the special educational needs of such children, (C) assist appropriate educational agencies, organizations, and institutions in making such model programs available to other children with learning disabilities, and (D) disseminate new methods or techniques for overcoming learning disabilities to educational institutions, organizations, and agencies within the area served by such center and evaluate the effectiveness of the dissemination process. Such evaluation shall be conducted annually after the first year of operation of a center.

In making grants and contracts under this section the Commissioner shall give special consideration to applications which propose innovative and creative approaches to meeting the educational needs of children with specific learning disabilities, and those which emphasize the prevention and early identification of learning disabilities.

(b) In making grants and controls under this section, the Commissioner shall—

(1) for the purposes of clause (2) of subsection (a), seek to achieve an equitable geographical distribution of training programs and trained personnel throughout the Nation, and

(2) for the purposes of clause (3) of subsection (a), to the extent feasible, taking into consideration the appropriations pursuant to this section, seek to encourage the establishment of a model center in each of the States.

(c) For the purpose of making grants and contracts under this section there are hereby authorized to be appropriated $12,000,000 for the fical year ending June 30, 1970, $20,000,000 for the fiscal year ending June 30, 1971, and $31,000,000 for each of the succeeding fiscal years ending prior to July 1, 1973.

(20 U.S.C. 1461) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 661, 84 Stat. 187, 188.

Explanation of Transfers

	1973 Estimate	Purpose
Comparative transfer to:		
Salaries and expenses	$- 90,000	"The National Advisory Committee on Handicapped Children" and "The National Advisory committee on Education for the Deaf" are being transferred to salaries and expenses because advisory committees are centralizing their funds in one account.

Education for the Handicapped

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$ 15,384,000	$ 15,384,000	$ 15,384,000	$ 15,384,000
1965	17,884,000	17,884,000	17,884,000	17,884,000
1966	28,300,000	28,300,000	28,300,000	28,300,000
1967	37,900,000	37,875,000	37,875,000	37,875,000
1968	53,400,000	53,400,000	58,400,000	52,650,000
1969	84,650,000	78,850,000	78,850,000	78,850,000
1970	85,850,000	100,000,000	105,000,000	84,575,000
1971	94,450,000	104,400,000	104,400,000	104,400,000
1972	104,250,000	109,250,000	110,750,000	110,000,000
1973	131,019,000			
1974	93,609,000			

NOTE: Amounts for 1964 through 1973 reflect comparability with the 1974 estimate.

Justification

Education for the Handicapped

	1973 Estimate	1974 Estimate	Increase or Decrease
State grant program	$ 37,500,000	$ ---	$-37,500,000
Special target programs:			
(a) Deaf-blind centers	10,000,000	10,000,000	---
(b) Early childhood projects	12,000,000	12,000,000	---
(c) Special learning disabilities	3,250,000	3,250,000	---
(d) Regional resource centers	7,243,000	7,243,000	---
Innovation and development	9,916,000	9,916,000	---
Technology and communication:			
(a) Media services and captioned films	13,000,000	13,000,000	---
(b) Recruitment and information	500,000	500,000	---
Special education and manpower development	37,610,000	37,700,000	+90,000
Total	131,019,000	93,609,000	-37,410,000

General Statement

This appropriation is authorized by the Education of the Handicapped Act (P.L. 91-230) which consolidated several pieces of legislation enacted over the past decade.

Catalytic purpose

The commitment undertaken by the Federal government for education of the handicapped is not a total one in the sense of providing complete per-child costs of educational support. Instead, the programs administered under this appropriation have been designed to act primarily as catalysts to bring about changes in educational patterns in the field by initiating demonstration and model programs and by encouraging new techniques and practices. These strategies were developed specifically to use the limited Federal financial resources and manpower to effect significant changes in the quality and effectiveness of much larger and more direct programs being conducted by State and local educational agencies. Models developed under these programs have already led several State legislatures to enact legislation to enable local education agencies to claim funds for multiple handicapped children attending school and to assume a high portion of the cost of Special Education Instructional Material Centers. Also maintained through these programs is an active technical assistance program which assists the State Education Agencies to effectively utilize and coordinate Federal and State financial inputs.

Multiplier effect

The multiplier effect of this funding is also illustrated by the experience in the training program. Over 300 training institutions have been developed and are producing quality teachers for the handicapped. 50 State education agencies and four education agencies of the outlying territories are working in partnership with the Federal government to upgrade the competency of people already in the field. The emphasis is upon continuing to strengthen and reform programs, and training people who are not supported by this funding; and more importantly, preparing leadership personnel who in turn will begin new training programs.

Manpower needs

There are not enough specially trained teachers for existing educational programs. New programs for preschool children and children with multiple handicaps also lack trained manpower. Funds are required to facilitate recruitment of people into the field, and for dissemination of information to parents about available resources for the handicapped. This information would help parents of handicapped children contact service resources of all dimensions.

National programs have been authorized and initiated to expand instructional programs, to increase the number and quality of specially trained teachers, to carry out research on the special learning problems of the handicapped, to develop improved instructional materials and techniques, to apply modern technological advances to compensate for communicative and learning handicaps, to help reach handicapped children in the critical early years, to encourage and stimulate the interchange of information on education for the handicapped, and to open avenues of communication between the handicapped and the general population. This appropriation provides for the support of these programs.

Research support and demonstration programs

In research, support is needed to continue current research and demonstration projects, to expand projects in curriculum research, and to seek solutions to specific identified problems in educating the handicapped. Deaf-Blind Centers are now in operation. Model demonstration centers and leadership training institutes will provide and demonstrate model service, train personnel, and develop research responses for dealing with the problems of specific learning disabilities.

The continuing and growing demands for special emphasis on diagnostic services and educational assistance for handicapped children of preschool age has been recognized through the funding of Early Childhood Centers. Research evidence has shown that early educational intervention results not only in more lasting benefits, but also relieving the tendency of a handicap to become an educational disability.

An area of continuing effort is that of adaptation of instructional materials developed for the deaf for use by children with other handicaps, and the development of new and appropriate equipment to educate and offer cultural contact to persons in all handicapped areas. The National Center on Educational Media and Materials for the Handicapped will adapt, develop, and disseminate appropriate materials and devices.

Systematic evaluation through program analyses, cost effectiveness studies, and the development of measures and methodologies are also essential activities in assuring the most efficient and effective operation of the handicapped programs.

	1973	1974	Increase or Decrease
1. State grant program................	$37,500,000	---	$-37,500,000

Purpose and scope:

Non-matching grants to the States are made to assist in the initiation, expansion and improvement of education of handicapped children at the preschool, elementary and secondary levels.

Seven million children (one million of preschool age) are handicapped by mental retardation, speech problems, emotional disorders, deafness, blindness, crippling conditions or other health impairments that will cause school failure, emotional problems and retarded development unless special educational procedures are available to them. At present, only 40 percent of school-age handicapped children are receiving special education, and in some States less than 25 percent of such children are receiving this help. Approximately one million of these unserved children are totally excluded from any educational programming.

Federal strategy:

The Federal strategy for the development of this program has been to serve as a catalyst to local and State program growth rather than providing full Federal support for a limited number of children. Joint planning with the States has led to increased programming for children on a comprehensive basis involving various Federal programs and local resources, e.g., Elementary and Secondary Education, Titles I and III, Vocational Education, etc. Under Special Education Revenue Sharing legislation to be proposed by the Administration, State and local officials will be able to continue this programming with increased flexibility in addressing their own priorities.

Accomplishments, fiscal years 1972 and 1973:

The program stimulated new educational opportunities for 215,000 handicapped children in 1972 by providing developmental and technical assistance to twenty-five States in designing new program, coordinating Federal and State funding, and developing strategies for increasing services to handicapped children.

In 1973, States continued to use program funds to provide a catalytic basis for further State and local program support. At present, failure to identify handicapped children represents a major barrier to fulfillment of State programs. For example, New Jersey law provides that local education agencies must offer special programs to handicapped children, but the lack of identification programs is a major factor in keeping the percentage of children served at less than the 50 percent level.

The objective in 1973 is to continue the assurance States will try to increase amounts of new funds on program activities, which in turn will increase local funding of programs for identification and diagnosis of children, and the development of regional resource personnel and centers.

To further the objective of comprehensive delivery of services to handicapped children the Education Commission of the States, comprised of State governors, legislators, education officials and public citizens agreed to cooperate during 1972 and 1973 in stimulating programming for handicapped children by establishing within their organization a task force, which has held regional meetings and in working to develop specific State-by-State plans for additional special education programs and will continue to work within State governments and legislatures toward this end.

Fiscal year 1974:

In 1974, legislation will be submitted to consolidate this program into Special Education Revenue Sharing. This new authority will provide support for educational activities in areas where the Federal Government has developed strong interests in strengthening school programs, such as education of handicapped children, and will permit State and local officials greater flexibility in addressing local priorities.

	1973	1974	Increase or Decrease
2. Special target programs:			
(a) Deaf-blind centers:			
Non-competing continuations..	$ 9,000,000	$10,000,000	$+1,000,000
New..........................	1,000,000	---	-1,000,000
Total....................	10,000,000	10,000,000	---

Program purpose:

This program provides for grants or contracts to establish and operate centers for deaf-blind children, to develop for and apply to these children specialized intensive services to enable them to achieve their full potential for communication and adjustment for useful and meaningful participation in society and for self-fulfillment.

Target population:

Prior to the 1964-65 rubella epidemic, an estimated 600 deaf-blind [illegible]ren were known to live in the United States. An estimated 100 chil[illegible] enrolled in educational programs at that time. The number of deaf-blind children increased dramatically as a result of the epidemic. Over 4,500 children have been located and identified through the regional "deaf blind" program as of December 1972.

Accomplishments, fiscal years 1972 and 1973:

The 10 Regional Deaf-Blind Centers located throughout the United States coordinated resources and services for approximately 1,700 deaf-blind children in those regions. The centers served as the focal point for coalescing private, State and local medical, social, and educational programs into a more effective and efficient delivery of services to deaf-blind children and their families. These Centers have contracted for services with existing agencies to provide more than 100 programs and projects. In this group of children, 952 were enrolled in full-time educational settings supported by deaf-blind Federal funds: 287 are enrolled in day-school programs, and 665 in residential-school programs. Diagnostic, counseling and tutorial educational programs were offered to 533 of the above deaf-blind children and their families. Federal funds accounted for approximately 90 percent of the support for these programs.

During the school year, September 1972 - June 1973, (utilizing fiscal year 1972 funds), expanded services via the 10 regional centers provided educational services (residential and day school) to an estimated 1,310 deaf-blind children. Also, 709 deaf-blind children and their families received diagnostic counseling and tutorial services. This increased the total number of deaf-blind children served to 2,019. Diagnostic and evaluative services were provided to 705.

An estimated 100 children were enrolled in Crisis Care Facilities to receive intensive training and educational services. Continuous counseling service for their parents both in the home and at the school was offered.

These crisis care facilities function primarily to achieve appropriate placement of deaf-blind children into residential, day or treatment programs. These facilities accept children in stages of early identification, observe and test them over a short period (at least two months), seek their placement with a relevent agency, and offer assistance to the child's parents for education and training. These activities serve to lessen the trauma to the family of a deaf-blind child as well as assuring a successful and cost-effective program for each child.

Utilizing fiscal year 1973 funds, objectives for school year, September 1973 - September 1974, required the 10 regional centers to expand services to 500 additional deaf-blind children in residential and day facilities. This will increase the total service to 2,600 deaf-blind children in academic school year 1973-74. The 15 crisis care facilities will offer 24-hour care and preschool experience for 150 severely handicapped deaf-blind children and intensive short-term counseling for their parents.

Objectives for 1974:

The Deaf-Blind Centers program for the school year starting in September 1973 expects to provide the following services for deaf-blind children and their parents: Educational services for 2,900 children in residential and day school facilities; crisis care services for 200 children and their families; diagnostic and educational assessment for 700 children; parent counseling for parents of 2,200 children; inservice training for 1,200 educators, professionals, and parents; summer school and camp programs for 500 children. Additional activities include a National Dissemination of Information System, continuation of the third-part evaluation effort, and a child-based information system.

	1973	1974	Increase or Decrease
2. Special target programs:			
(b) Early childhood projects:			
Non-competing continuations.	$10,350,000	$10,350,000	---
New........................	1,650,000	1,650,000	---
Total...............	12,000,000	12,000,000	---

Community services available for education of the preschool handicapped are either non-existent or too limited in number or scope to be of significance. The majority of the programs in existence operate on a tuition basis, making their services unavailable to children of low income families. Even in publicly supported programs handicapped children have a difficult time gaining admission. Federal support, leadership, and demonstration funds are designed to influence States and local school districts throughout the country to initiate and maintain public programs in preschool and early education for the handicapped.

Fiscal year 1973:

The objective for 1973 was to increase the enrollment of handicapped children in preschool programs by 75,000 to bring the total estimated number of children in such programs to over 175,000.

Strategies for achieving this relied heavily ipon the catalytic and multiplier effects of Federal programs. Consequently, mutual planning with State Education Agencies and the development of State programs in a must if these objectives are to be met. The following actions have or will be taken.

Expand model projects to 100 locations which will provide direct services to 5,500 children and their families.

Stimulate the development of 300 additional early childhood programs in special education to bring this to a total of 700 programs which will serve 45,000 children and their families, utilizing other funds.

Support technical assistance programs (such as the North Carolina leadership training program) to strengthen projects funded by the Bureau of Education for the Handicapped and to make available information and materials developed in this effort to other early education projects.

Stimulate through resource materials and consultants, the development of handicapped components in day care programs that reach at least 50,000 handicapped children. Among the activities will be: special training programs and materials such as Computer Assisted Resource Education for day care workers and regular teachers.

Objectives for 1974:

The 1974 funds are to be spent in order to provide the following services through the establishment of 100 demonstration projects: (1) comprehensive educational therapeutic services for 5,500 handicapped children; (2) conseling and other consultative services for 7,500 parents; (3) screen 20,000 children; (4) provide inservice training for 5,000 teachers and aides; and (5) provide training and program involvement for 1,500 volunteers. It is projected from prior experience that an equal number of persons in the preceding areas will be served through projects which will be replicating the demonstration models.

Resources from this program will be combined with other Federal activities serving preschool children in order to (1) increase the number of handicapped children being served by Headstart and Day Care Center Programs, (2) work directly with 30 States in assessing the needs for preschool handicapped children thereby providing improved planning, guidance, and technical assistance to all States in their attempts to serve the nearly one million preschool handicapped, (3) increase the number of handicapped children 0-3 being served directly by Federally assisted programs, (4) work toward reducing the number of handicapped children requiring special education placement at school entry age, and (5) through the ERIC system, disseminate information about tested models and materials to State and local government and private agencies serving the handicapped.

	1973	1974	Increase or Decrease
2. Special target programs:			
(c) Special learning disabilities:			
Non-competing continuations....	$2,250,000	$1,750,000	$-500,000
New...........................	1,000,000	1,500,000	+500,000
Total......................	3,250,000	3,250,000	---

According to a 1969 report of the National Advisory Committee on the Handicapped, 1 to 3 percent (600,000 to 1,800,000) of the school-age population (5-19 years) have specific learning disabilities. Recognition of this discrete-type handicap has been relatively recent and Federal activities are designed to help define the nature of the disorders, find approaches to treatment, and to stimulate an increased supply of teachers. In academic year 1968-69, there were 9,400 trained teachers serving children with specific learning disabilities and an estimated 25,500 additional teachers needed. Competitive grants are made to State Education Agencies to demonstrate effective programs for establishing and operating model centers for children with specific learning disabilities, and to establish program plans within States for meeting the educational requirements of these children.

Fiscal year 1973:

In 1973, this program is being expanded to an additional 17 States bringing the total number of States served to 40. The technical assistance project continues to provide support to individual grantees and overall program.

The State Education Agencies are required to: (a) conduct a specific learning disabilities intervention program which could serve as a demonstration model; (b) evaluate the program according to its objectives and goals; (c) set up a process to determine the validity of the intervention model, and (d) develop a plan for implementation of that model. In addition, the State agencies have set in motion a "multiplier" strategy for stimulating programs in other districts to be funded by State, local, and/or private funds.

Objectives for 1974:

At the projected 1974 funding level, the Bureau of Education for the Handicapped plans to: (1) continue funding 30 service models in State Education Agencies and territorial departments of education; (2) fund national replication activities, including media preparation and distribution; (3) provide technical assistance to State local education agencies; and (4) to study the social, economic, and legal aspects covering the capability of children with special learning disabilities. These resources will support continuation of the momentum in completing the final objective of providing by 1975 an opportunity for each State to develop a total delivery model and be supported by Federal technical assistance to enable the successful replication of that model across the State.

	1973	1974	Increase or Decrease
2. Special target programs:			
(d) Regional resource centers			
Non-competing continuations	$5,743,000	$5,243,000	$- 500,000
New	1,500,000	2,000,000	+ 500,000
Total	$7,243,000	$7,243,000	+ ---

Narrative

The Regional Resource Center program has been established to develop and operate regional centers to assist teachers and administrators of programs for handicapped children in bringing relevant and effective educational services to all handicapped populations. The centers, in cooperation with state and local programs and other federally supported activities develop, demonstrate and promote adequate diagnostic and prescriptive services, improved and expanded teaching techniques and provide a range of fiscal, human, and non-human resources to assure that schools can respond more effectively to the more seriously handicapped population who are often hidden, unidentified, and untreated.

Fiscal Year 1972:

During 1973 the program concentrated its efforts on expanding its outreach into State and local educational agencies to provide support to teachers and at the same time surveying and testing to determine the kinds of services that will make it most effective in carrying out the major programmatic objective. The program added a multi-state learning resource compact in the upper-Midwest. This support concept is designed to purchase available services from centers in adjoining areas for States currently without the financial resources necessary to bring their diagnostic and instructional services to teachers of the handicapped. Related to the survey of the requirements is the problem of the kinds of resources needed, the development of skills and knowledge necessary, and the relationships of the centers to the States to assist in providing equal education for all handicapped children.

Accomplishments, Fiscal Year 1973:

Continued expansion of support for this program has stressed the need to develop quality comprehensive educational services for all handicapped children. The program has begun stressing the education of inadequately served children in existing special education programs and those handicapped who are in regular classrooms. The centers began full scale work in conjunction with State Education Agencies in ten states. Program operation in the six centers has moved to meet the growing demand for diagnostic and prescriptive services for these children. We stressed the concept that the existing six centers must continually demonstrate to State and local agencies specific diagnostic, evaluative and prescriptive remedial or supportive services. This technique of influencing the practices of State and local education agencies will enable many more children to be placed in regular school programs. Work with individual States to develop total resource systems at the State, intermediate levels and Iowa, Missouri, Kansas, Nebraska and North and South Dakota continues. The Southwestern Regional Resource Center located in New Mexico is now heavily involved in extending its services to the States of Arizona, Colorado and Nevada. The Regional Resource Center in Oregon has expanded its efforts to work with state agencies and local governments in Alaska, Hawaii, Washington and the Trust Territories. The Rocky Mountain Center in Utah has worked closely with programs in Montana, Idaho and Wyoming, as well as activities in Utah. The Pennsylvania Regional Resource

Center has developed a series of programs to support activities in West Virginia, New Jersey, Maryland, District of Columbia and Ohio. Of course, the Southeastern compact continues. In 1973, more than 25,000 handicapped children in eighteen states received direct or indirect services from these centers.

Objectives, 1974

In 1974, the overriding concern of the centers will be to improve the effectiveness of ongoing practices to serve the handicapped and of developing new techniques where none have existed. Under the continuing regional resource center program seven centers will be supported. The major objective for this program is to assure that all geographical areas covered by RRC programs will have access, either directly or through cooperative services described in the purpose. Concerted planning activities designed to coordinate the Instructional Materials Centers and the Regional Media Centers will help to create this national coverage.

The objectives for the centers in 1974 are:

1. Provide educational testing and evaluation services for the children referred to them, especially the severely handicapped.
2. Develop individually prescribed educational programs for children referred.
3. Assist State and local agencies in finding handicapped children currently not enrolled in schools and to recommend suitable educational programs for those children.
4. Assist State and local agencies in evaluating the effectiveness of programs developed.

In 1974, approximately 40,000 handicapped will receive comprehensive services from the center. Approximately 200 SEA and 6,000 LEA personnel will be provided training through workshops, special study institutes, and technical assistance activities. 2,000 severely and multiply handicapped children will receive services in addition to the 40,000 children mentioned above.

A new thrust called Special Target Grant program will provide a source of funds to assist States, local agencies and consortiums to identify issues, bring groups together to solve problems and work on the implementation of solutions. Specific issues to be attacked have been identified as: (1) comprehensive services to severely and multiple handicapped children; (2) proper identification, diagnosis and provision of services to the poor geographically isolated, and minority group handicapped; (3) operating diagnostic and educational programs based on alternatives to current labeling or categorization techniques; and (4) the problem of the return and maintenance of the handicapped child in the regular classroom.

Grants will be awarded to approximately 8 States to provide basic assistance to find solutions to problems such as identifying and providing education to all mentally retarded children in Pennsylvania as a result of the recent court decision and assisting with the solution to problems of increasing proportions of black and Spanish-speaking children in special education classrooms. This program will be a key strategy in seeking alternatives to current solutions.

	1973	1974	Increase or Decrease
3. Innovation and development:			
Non-competing continuations	$7,900,000	$7,900,000	---
New	2,016,000	2,016,000	---
Total	$9,916,000	$9,916,000	---

Narrative

The purpose of the Research and Demonstration program is to improve educational opportunities for handicapped children through support of applied research and related activities. This provides the information and resources to support the development of full educational opportunity for handicapped children. These activities are integrated in a planned pattern to support teacher training and the special service functions of the total federal program for handicapped children. The innovation and development activity attempts to improve the effectiveness and efficiency of the educational system and its provisions for handicapped children: by supporting the discovery, manipulation and processing of information; by packaging that information in usable form and by systematically assuring that this information is placed in appropriate hands. Heavy emphasis is placed on the design of research findings so that replication of quality research products can be easily accomplished. The Physical Education and Recreation Research program provides support for research and related purposes relative to the needs and performance of handicapped children in the area of physical education and recreation.

Accomplishments, Fiscal Year 1972:

Major efforts in fiscal years 1971 and 1972 have led to related products. Specific accomplishments included:

(a) Research demonstrating that retarded children can be taught effective strategies for learning, and that various learning approaches and teaching materials can be appropriately tailored to the learning styles of young retarded children. One project provided learning experiences via educational television for over 200 children in the State of North Carolina. Additional products of that project include television tapes which are now available for use on educational television and closed circuit educational facilities, and kits of learning materials tailored to the particular needs of young retarded children.

(b) Research efforts supported by this program have previously demonstrated that children with very restricted amounts of residual vision, blind by legal definition and traditional educational programming decisions, can benefit from instruction in the use of residual vision. Based on this research, intensive training programs for teachers of low vision children have been developed, and been used with over 200 teachers with potential for influencing educational programming in almost every major school program for the visually handicapped.

(c) A major and continuing curriculum development effort in the area of social learning for retarded children involved more than 200 classes of educable mentally retarded children during the course of its development and initial evaluation efforts. Materials for children of first, second and third grade age levels have been completed and should soon be available for general distribution to the teachers of primary level educable mentally retarded children.

(d) Three model demonstration programs in the area of post-secondary school vocational training for hearing impaired youth were supported. These programs, operated in regular vocational and technical institutions, provided educational opportunities for more than 150 deaf youth. Curriculum development and modification efforts in association with these projects have resulted in more than 50 program areas being accessible to deaf students in these institutions. At least three other institutions have initiated similar programs specifically geared to the needs of deaf individuals under local or other Federal support.

(e) A computer assisted course of instruction was designed to familiarize regular teachers with the identification of handicapped children in their classrooms. Through support from the Bureau of Educational Personnel Development, this course was field tested with a substantial number of teachers in Pennsylvania. At present, plans are underway for the broad dissemination of this course for use by other teacher training institutions, reformatting of the material to be useful on a broad range of computer assisted instruction equipment, and for the development of additional course materials in computer assisted instruction format.

(f) Behavior modification techniques were applied in a classroom setting with children with severe behavioral disorders. This project resulted in the development and testing of a technique for working with behaviorally disordered children, the actual return to normal classrooms of approximately 50 of 71 such children over a four year period, the development of effective teacher training techniques to assure diffusion of such management efforts, and the packaging of materials descriptive of both teacher training and direct service activities to assure even broader diffusion.

Efforts concentrated on priority areas of (1) preschool education, (2) increased services to school-age children, and (3) special education manpower development. Specific objectives in 1972 included:

(a) Development of program plans for replicating infant programs involving parent training in the deaf, blind and deaf-blind children areas.

(b) Essentially complete coverage of curriculum needs for the educable mentally retarded including efforts on social learning skills, reading, arithmetic, and physical education.

(c) Continued support of a major research and development center concentrating on how student performance is effected by teacher behavior. During 1972 the Bureau embarked on its first major intramural activity, a comprehensive research and evaluation study of the effect of reintegrating handicapped children into regular classroom programs.

Dissemination and research utilization activities will receive increasing emphasis in this program.

Accomplishments 1973:

The major effort in 1973 was to further research, innovation and demonstration to assist in accomplishing overall handicapped objectives. Specifically, efforts were closely related to developing a national commitment to full educational opportunities for the handicapped. Activities, accomplished in carrying out the responsibility were: a comprehensive curriculum for mental retardation with products available such as social learning for children to age 9; comprehensive skills curriculum; science for the mentally retarded for junior high and high school retarded; and motor skills for the retarded. Development and evaluation of other products were continued. One of the major issues concerning the education of handicapped children is the ability of the schools to provide necessary special services within the regular classroom. This program has addressed this issue with several studies; including a data collection effort designed as an evaluation of integrated programming involving more than 3,000 children. The need for quality career and vocational education for handicapped youngsters has long been apparent. This program supported several efforts at helping expand secondary and postsecondary technical and occupational opportunities for the handicapped. Three demonstration projects on postsecondary technical education for the deaf have provided a model which have now been replicated in over twenty community colleges and technical schools across the country.

Another major effort involved a descriptive evaluative study of a nationwide sample of innovative secondary level vocational education programs. In supporting the development, improved and increased manpower for educating handicapped children, several major projects have been supported. The critical output in 1973 was a validated battery of observation instruments designed to measure teacher performance.

The Physical Education and Recreation program, in addition to the output already described in connection with curriculum development involves collection and packaging and dissemination efforts related to adapted physical education and therapeutic recreation.

Objectives, 1974: The objectives are as follows:

1. In the early childhood education area, the largest amount of Federal funds will be used for research and development activities related to the delivery of services in preschool education. Support will also be provided for the following activities: (a) developing and validating curriculum for handicapped preschool children, including identification of appropriate behaviors to be considered at preschool levels and the special problems presented by handicapping conditions; (b) study of program and system organization (integration versus segregation, categorical programs, etc.) related to providing appropriate preschool educational service for the handicapped; and (c) organizing knowledge related to early identification of handicapped children and developing knowledge related to educational diagnosis and programming.

2. New initiatives in the important area of career education are to include: (a) analysis of prevocational preparation in special education programs including both curriculum and counseling requirements: (b) assessment of vocational programming for the handicapped including definition, evaluation, and comparison of work study programs, industry based inservice programs, school based programs, and institutional graduation programs; and (c) assessment of post-secondary programs including definition and evaluation of vocational-technical programs, higher education opportunities, and continuing education activities.

3. In the area of full school services for all handicapped children, considered the largest area of need, the following tasks are to be carried out: (a) development of curriculum, methods and materials related to the education of handicapped children, to assure availability of programs suitable for all handicapped popula-

tions, all subject matter areas, and all educational settings; (b) identification of an evaluation of advances in educational technology which show promise of minimizing the educational problems of handicapped children; and (c) study of appropriate models for delivery of special education services. Particular attention will be given to organization of services, back up resources for teachers, and integration of different educational systems.

4. Another important objective is to fulfill the responsibility for activities concerning the national interest in continuing education programs for the adult deaf. Funds for this activity will be used to support ongoing efforts in this area, and other work relating to post-secondary education of the handicapped.

Program Statistical Data:

Summary of New and Continuing Efforts

	1972 Estimate		1973 Estimate		1974 Estimate	
	No.	Amount	No.	Amount	No.	Amount
New:						
Research:						
(a) Individual projects...	27	$3,488,000	20	$2,016,000	15	$2,016,000
(b) Research and Development centers....	--	---	--	---	--	---
Total..	27	3,488,000	20	2,016,000	15	2,016,000
Continuing:						
Research:						
(a) Individual projects...	37	5,169,000	40	5,000,000	50	5,000,000
(b) Research and development centers....	5	2,519,000	5	2,900,000	5	2,900,000
Subtotal..	42	7,688,000	45	7,900,000	55	7,900,000
TOTAL..	69	$11,176,000	65	$9,916,000	70	$9,916,000

Research and Demonstration Awards
By Area of Handicapped

	1972 Estimate		1973 Estimate		1974 Estimate	
Area	No.	Amount	No.	Amount	No.	Amount
Speech and Hearing........	8	$ 400,000	10	$1,150,000	10	$1,150,000
Visually Handicapped......	4	500,000	11	1,000,000	11	1,000,000
Crippled and other health. impaired................	2	200,000	5	500,000	5	500,000
Emotionally disturbed.....	2	105,000	5	400,000	5	400,000
Mentally Retarded.........	10	1,500,000	20	2,500,000	20	2,500,000
Hearing Impaired..........	10	1,000,000	10	1,250,000	10	1,250,000
Research and Development..	--	---	--	---	--	---
Non-category..............	19	2,250,000	24	2,766,000	24	2,766,000
TOTAL................	55	5,955,000	85	9,566,000	85	9,566,000

	1973	1974	Increase or Decrease
4. Technology and Communication:			
(a) Media services and captioned films			
Non-competing continuations	$ 5,000,000	$ 5,000,000	---
New	8,000,000	8,000,000	---
Total	$13,000,000	$13,000,000	---

Narrative

The Media Services and Captioned Film program responds to the need to help provide the handicapped learner with specific educational materials so as to make it possible for him (her) to be educated effectively. This objective is being advanced through the operation of a National Center for Educational Media and Materials for the Handicapped and a network of Special Education Instructional Materials Centers and Regional Media Centers for the Deaf. The second objective has an equally important service mission: promoting the general welfare of deaf persons by captioning and distributing motion picture films which play an important role in their advancement on both a general cultural and educational basis. In both cases the purpose of this program is to provide for a maximum access to learning experiences by handicapped children through the development, and efficient management of both material and human resources. Part F of the Education of the Handicapped Act provides the primary authority for this activity.

Accomplishments 1973

(1) The Education Media Distribution Center, which is the point of all distribution and dissemination activities to schools and classes for the deaf and adult deaf population continued to search for new and less expensive methods of delivering. In an economy move, three captioned film libraries were consolidated into one. This has, in effect lowered the cost of booking films, increased the rapidity of turnover of films for wider audience viewing. Cost per viewer is 12 cents. Total audience in 1973 numbered more than 2 and three-quarters million. An expansion from 3,177 to 3,680 in the number of deaf groups eligible for these films means that larger numbers of people will be able to benefit from this service. An expansion of showing per print of films has been expanded from less than 14 annually to 18 per year. This center has started planning in 1973 for a program to supply films and other educational media on a no-cost basis to a minimum of 1,000 teachers of handicapped children other than deaf and, on a no-cost basis, to as many other teachers of handicapped children as wish to participate.

(2) The Special Education Communications Network has continued to develop the mechanism of bringing all handicapped children the resources they need, where they need them, and when they need them. Nearly three million handicapped children are being served in our schools.

(a) In 1973, efforts such as the development of Computer Based Resource Units have provided teachers of handicapped children with detailed instructional strategies and materials. Nearly 500,000 CBRU's are in use now by nearly 75,000 teachers of the handicapped. Seldom do the fully federally funded parts of this network have contact with the children directly, but a structure of more than 300 associate parts of the network at local and state levels deals directly with the students and teachers. (b) A needs assessment of the IMC/RMC network has been started to take a look at changes that have occurrred in this six year old program, make recommendations for changes and to determine what needs are the most necessary to serve with our scarce resources. (c) The National Center on Educational Media and Materials for the Handicapped has completed one year of planning and development and is now ready to begin operating in the design, development and adaptation of new instructional materials.

(3) The demonstration and research program moving into child centered learning technology supported 14 seperate media related projects in 1973. A project completed at Pennsylvania State University has provided a curriculum whereby preschool teachers and child-care workers may be trained to deal effectively with preschool handicapped children. Employing techniques developed through a project at the University of California, "Structuring the Classroom for Success", special and regular teachers are learning to arrange their classrooms to be more responsive to different learning styles. The successes of Project Life, a programmed Language system to teach handicapped children, and Project ME, a learning program for young handicapped children, are well known. These activities started with Federal funds, are now being marketed by private firms and returning a profit through royalities to the Federal government. Other projects completed have a) produced training packages to expand parental capability in child development in the home; b) prepared teachers in using materials to achieve maximum learning potential of visually impaired children; and c) a project in great use in Atlanta, Georgia, to assist teachers in the identification, selection, production and utilization of media at all educational levels. Activities in this area have worked in close relationship with other areas.

(4) Activities in the Captioned TV area have yielded results such as: a) national conference to interest networks and PBS in providing captioned and/or other appropriate programming for the hearing-impaired. b) captioning and broadcasting of 26 French Chef programs over PBS. c) captioning and broadcasting of 26 additional programs over PBS network. d) captioning and broadcasting of the inaugural speech - a first attempt at captioning a national event for immediate broadcast to hearing-impaired. e) development of expertise in captioning techniques for television. f) development of a decoder for making captioned television feasible.

Objectives, 1974:

This program is based on the concept that its overreaching goal should be to establish coordinated activities which are designed to provide the handicapped learner with adequate resources in sufficient quantity and quality to reduce the gap between the handicapped and the non-handicapped learner. In 1974, the objectives for operation of this program are to develop and design resources: to increase the effectiveness of scarce manpower; utilize less well trained staff at a greater level of efficiency; make it easier for the handicapped learner to be more able to participate in regular education; and reduce the long term cost of education of handicapped children.

The activities of this program are directly related to helping to achieve the five major objectives for education of the handicapped.

1. Early Childhood. (a) To continue support of media development and validation projects for early educational programs. (b) to develop and disseminate instructional packages for early childhood education. (c) To continue the evaluation of the potential and effectiveness of educational technology in an early childhood project setting over a five year period.

2. Manpower Development. (a) The continued expansion, cataloguing, packaging and dissemination of teacher media training materials. (b) In conjunction with Special Projects authority in the Division of Training Programs, we will further develop a pilot demonstration teacher training model. Demonstration of manpower

and materials efficiency will illustrate the efficacy of: 1) larger teacher pupil ratios; 2) modular training concepts: 3) self-instructional components; and 4) broad diffusion of materials and techniques to special education centers and regular education for preservice and inservice training.

3. Career Education. (a) There will be continuing work on the development of applications of technology to vocational education for the handicapped. Identification of skills handicapped persons can acquire and training packages designed on skill/competency performance will be designed. (b) Continued attention will be placed on integrating services to serve the handicapped child. Activities with the Vocational Rehabilitation and Vocational Education programs will be continued.

4. Full Services. (a) The National Media Center for the Handicapped at its planned level of operation will help to provide management and centralized services to the media program. Support will continue for the material network of 13 Special Education Instructional Materials Centers and 4 regional media centers. (b) The IMC/RMC Network, at its planned growth rate, will serve as a catalytic agent to bring about the establishment and improvement of programs for handicapped children through interaction with State Education Agencies and Local Education Agencies, and university prespecial programs. (c) Inservice teacher training materials for special education will be designed. These methods of utilizing media can be effective in training and exposing teachers and parents to alternative methods of service to the handicapped child. (d) Continued work to be done on activities started in 1973 on development of instructional technology packages for the handicapped child.

5. Captioned Films for the Deaf. (a) Support of the entertainment and cultural aspects of the Captioned Films program will continue. (b) Captioned television is now emerging as an area of potential benefit to the deaf and hard-of-hearing population. Continued support of experimental work in this area in conjunction with the National Science Foundation and the television industry will continue.

Program Statistical Data:

Media Services and Captioned Films

Program Financial Data	1973	1974
Captioned films - cultural	$ 1,000,000	$ 1,000,000
Captioned films - educational	1,000,000	1,000,000
SEIMC/RMCN	7,000,000	7,000,000
Demonstrations	2,100,000	2,100,000
National Theater of Deaf	500,000	350,000
National Center Educational Media and Materials	500,000	750,000
Captioned Television	900,000	800,000
TOTAL	$13,000,000	$13,000,000

Media Services and Captioned Films

	Titles		Prints	
	Acquired	Retired	Acquired	Retired
FY 1972 (Actual)				
16mm Educational films	62	10	4,030	650
8mm Cartridges	43	0	3,760	0
35mm Filmstrips	49	0	33,000	0
35mm Slides	8,475		8,475	
Transparencies	635 sets	0	344,775	0
Training manuals and books	8,040	0	8,040	0
16mm General interest films	62	48	744	576
16mm Teacher Training films	43	0	499	0
Captioned TV programs	1 series	0	26 programs	0
FY 1973 (Estimated)				
16mm Educational titles	80	10	5,200	650
8mm Cartridges	70	0	4,500	0
35mm Filmstrips	70	0	35,000	0
35mm Slides	3,500	0	3,500	0
Transparencies	4,700 sets	0	150,000	0
Training manuals and books	30,000	0	30,000	0
16mm General interest films	80	60	960	720
16mm Teacher training films	20	0	160	0
Captioned TV programs	5 series	0	26 programs	0
FY 1974 (Estimated)				
16mm Educational films	80	10	5,200	650
8mm Cartridges	70	0	[illegible]	0
35mm Filmstrips	70	0	[illegible]	0
25mm Slides	3,500	0	[illegible]	0
Transparencies	4,700 sets	0	[illegible]	0
Training manuals and books	30,000	0	[illegible]	0
16mm General interest films	80	60	960	720
16mm Teacher training films	30	0	240	0
Captioned TV programs	1 news series	0	260 programs	0

FY 1972 (Audience Totals)

Educational films	1,261,605
General interest films	1,355,304
Total	2,616,909

	1973	1974	Increase or Decrease
4. Technology and communication:			
(b) Recruitment and information			
Non-competing continuations	$500,000	$ ---	$-500,000
New	---	500,000	+500,000
Total	$500,000	$500,000	$ ---

Narrative

This program provides non-matching grants or contracts to conduct projects to interest people in entering the career field of special education, and to disseminate information and provide referral serivces. Great numbers of parents of handicapped children have no information about where to turn for help in educating their children. In addition, an estimated 250,000 teachers are necessary to augment the special education manpower supply. This program is designed to provide an appropriate information and referral service for parents and their handicapped children in order that they may be assisted in their attempts to gain an equal educational opportunity.

Fiscal Year 1973:

This program in its third year of operation will begin to assume its place as an integral part of the Office of Education operational support. To further aid parents, a referral system operating through Health and Welfare Councils in approximately one hundred cities across the country will be established. The referral centers will be designed to assist parents and other persons in obtaining the most appropriate services and placements for handicapped children. The centers will assess available community resources and in concert with parents and their children, as well as other involved persons, develop suitable plans for each child's total adjustment and growth.

Regional TV and radio campaigns will be undertaken in concert with other HEW activities concerning the handicapped in a concentrated effort to coordinate informational systems and to aid regional and State programs in attracting the quality and quantity of teachers required.

National TV, radio, and print efforts will be continued to urge parents to seek services and to request information concerning available programs for their children. The information and referral program in Washington, D. C. will attempt to initiate similar programs in three additional cities. In addition, activities started in 1972 to support Spanish language information services will be expanded to all parts of the Country where Spanish speaking populations are located.

Objectives, 1974: The objectives are:

1. Provision of current program information to 50,000 new parents through the Closer Look ads/SEIC (Special Education Information Center) mailings. In addition, there will be coordination through SEIC's approximately 100 personnel referral centers, based on a national expansion of the pilot referral network in New England. The SEIC Newsletter will reach approximately 150,000 parents on a continuous basis.

2. Establishment of at least one referral center to serve a bilingual area.

3. Production of a television show to increase public awareness of the need for better services for the handicapped, and market it to both commercial and public stations.

4. Production of two films for educational leaders (State agency personnel, school administrators, PTA groups, etc.), to increase their awareness of the learning potential of handicapped people who are provided with appropriate instruction.

5. To target recruitment information to increase the number of special educators with particular understanding of the needs of minority and bilingual handicapped children.

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	1973	1974	Increase or Decrease
5. Special education and manpower development			
Non-competing continuations	$17,600,000	$17,600,000	$ ---
New	20,010,000	20,100,000	+90,000
Total	$37,610,000	$37,700,000	$ +90,000

Narrative

This program provides for grants to institutions of higher education, State education agencies, and other nonprofit agencies to prepare teachers, teacher educators, researchers, speech correctionists and other special service personnel to educate the handicapped. To extend quality educational service to all handicapped children under current teacher-student ratios and current patterns of instructional organization will require an additional 245,000 teachers for school-age children and 60,000 for preschool children. Upgrading and updating the 135,000 teachers currently employed, of whom nearly one-half are uncertified, is an equally critical task.

This program attacks the problem by more efficient use of Federal grants to increase the number of teachers trained, by development of new models for improved effectiveness, and by targeting resources on crucial areas of need.

Support Grants:

The 1973 budget is based primarily on departmental support grants to institutions which are expected to produce the personnel indicated in the table on pages 170 and 171 entitled "Teacher Education."

Changes in personnel production and support patterns over the three year period 1971-73 are being implemented. From an emphasis on fixed levels of support of individual students in 1970 and prior years, 1972, 73, and 74 show a definite movement toward support of programs, together with variable levels of student support based on local need. The outcomes are expected to be stronger college programs, greater production of more highly skilled teachers, and increased numbers of students receiving smaller individual amounts of direct assistance.

The table shows actual data for 1972 which provide a basis for the 1973 and 1974 estimates. A comparison of the 1972 year total for personnel produced from supported programs with the number of students directly supported shows, for all academic year levels (undergraduate, master, and post-master, disregarding summer and institute trainees) a ratio of approximately 4 to 1. That is, three additional teachers are produced for every teacher trainee receiving financial assistance. (Summer and special institute trainees are primarily in State education agency programs in which all receive financial assistance). That type of multiplier can occur, in large measure, because Federal funds provide program support for faculty, staff, back-up services and supplies.

The 1973 and 1974 estimates, showing increased total production plus more students receiving financial assistance, reflect substantial reductions in dollar amounts per student, and larger numbers of applicants to special education programs. College and university student applications to special education are at an all time high, apparently related to the surplus of teachers for regular education and to improvements in attitudes toward work with handicapped children. Increasingly, special education manpower programs will be training persons from the teacher surplus pool, realizing additional cost-benefits from their prior preparation for regular classroom teaching.

With the concomitant move to multiple-year approvals of programs, an additional trend appearing in the table is toward larger amounts of money committed to support of continuing programs.

Objectives, 1974: The objectives are to:

1. Prepare in academic year 1973-74, 23,000 specially trained teachers and subprofessionals to serve an additional 350,000 handicapped children.

2. Include in the 23,000 teachers to be prepared, 5,000 college graduates who were initially trained as regular classroom teachers.

3. Substantially improve the special skills of teachers through support of 280 competency based programs with evaluation systems based on impact on children. We are emphasizing throughout this a renewed concern, in partnership with the institutions of higher education and state agencies, for output and systematic evaluation of teacher preparedness and performance. We are working toward establishing specified performance standards which each graduate must reach before certification.

We are also emphasizing a move toward preparation of leadership personnel who will train ancillary educators and subprofessionals to assist classroom teachers. These special personnel will provide less costly but more efficient educational assistance to mildly handicapped children. They can also assist specialists in education of the severely handicapped by carrying out under close supervision specific educational tests.

4. Develop and implement through the Special Projects Program improved models for training special educators, ancillary educators, parents, and others of consequence to the handicapped child, vocational-technical education of the handicapped, and teachers of the pre-school handicapped. Model training programs oriented toward combined community recreation and school physical education will be developed. This Special Projects program will be focused on specific experimental ideas which need to be tested as a means of making major changes in approaches to teacher education.

5. Develop and implement an additional two programs for the preparation of minority group educators.

6. Substantially increase the attention given to profoundly handicapped children in all training programs, and develop and implement an additional 3 training programs with major focus on profoundly handicapped children. Included in this group are teachers for the profoundly retarded children now found in custodial care institutions.

Formulas for Calculating Traineeship Awards

	Maximum
Junior Year Traineeships:	
Basic Stipend	$ 300
Senior Year Traineeships:	
Basic Stipend	800
Support to Institution	2,000
Total	2,800
Master's Level Traineeships:	
Basic Stipend	2,200
Average Dependency Allowance	600
Support to Institution	2,500
Total	5,300
Post-Master's Level Traineeships:	
Basic Stipend	3,200
Average Dependency Allowance	1,200
Support to Institutions	2,500
Total	6,900
Summer Traineeships:	
Basic Stipend	75/week
Travel and Institution Cost	75/week
Total	150
Summer Session: 6-10 weeks	
Institute Traineeships:	
Basic Stipend	15/day
Program Support	Full
Length of Institute: 1-15 days	

Teacher Education

	Individuals Directly Supported	Personnel Outputs from Supported Projects (est.)	Amount
Fiscal Year 1972:			
New:			
Undergraduate	2,500	11,200	$ 2,230,000
Master's	3,000	9,500	7,450,000
Postmaster's	825	2,000	1,420,000
Summer trainees	3,150	3,150	3,122,000
Institute trainees	12,700	12,700	2,153,000
New program development grants.	--	(30)	2,476,000
New special projects (Program).	--	(20)	
Subtotal	22,175	38,550	18,851,000
Continuing:			
Undergraduate	--	(100)	1,900,000
Master's	--	(200)	5,820,000
Postmaster's	--	(45)	2,600,000
Special projects	--	(45)	3,484,000
Supplemental stipends	--	--	---
Administrative costs (SEA)	--	--	1,240,000
Subtotal	--	--	15,044,000
TOTAL	22,175	38,550	$33,895,000[1/]
Fiscal Year 1973:			
New:			
Undergraduate	2,800	11,000	$ 2,000,000
Master's	3,500	10,000	7,600,000
Postmaster's	950	2,200	1,650,000
Summer trainees	3,500	3,500	3,200,000
Institute trainees	15,500	15,500	2,200,000
New program development grants.	--	(35)	2,660,000
New special projects	--	(10)	
Subtotal	26,250	42,200	19,310,000
Continuing:			
Undergraduate	--	(100)	2,100,000
Master's	--	(200)	6,600,000
Postmaster's	--	(45)	3,200,000
Special projects	--	(50)	4,360,000
Supplemental stipends	--	--	100,000
Administrative costs (SEA)	--	--	1,240,000
Subtotal	--	--	17,600,000
TOTAL	26,250	42,200	$36,910,000[1/]

Teacher Education (cont'd.)

	Individuals Directly Supported	Personnel Outputs from Supported Projects (est.)	Amount
Fiscal Year 1974:			
New:			
Undergraduate	1,900	35,000	$ 2,000,000
Master's	3,600	12,900	8,100,000
Postmaster's	800	2,800	1,940,000
Summer trainees	3,500	3,500	3,200,000
Institute trainees	16,000	16,000	2,200,000
New program development grants	--	(35)	2,660,000
New special projects	--	(10)	--
Subtotal	25,800	70,200	$20,100,000
Continuing:			
Undergraduate	--	(100)	2,100,000
Master's	--	(200)	6,600,000
Postmaster's	--	(45)	3,200,000
Summer trainees	--	(50)	4,360,000
Supplemental stipends	--	--	100,000
Administrative costs (SEA)	--	--	1,240,000
Subtotal	--	--	17,600,000
TOTAL	25,800	70,200	$37,700,000[1]

In fiscal years 1972 and 1973, at least 54 State agencies (50 States plus 4 outlying territories) and 304 institutions of higher education have participated in manpower preparation.

	1973 Estimate		1974 Estimate	
	No.	Amount	No.	Amount
New Institutions	10	$ 260,000	10	$ 250,000
Continuing Institutions	314	36,650,000	324	37,450,000
TOTAL	324	$36,910,000[1]	334	$37,700,000[1]

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[1] In the tables for fiscal years 1972 and 1973, the Physical education and recreation training program was not included in the totals. In tables for fiscal year 1974 it is.

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: State grant program (Education of the Handicapped Act, Part B)

	1974	
1973	Authorization	Budget Estimate
$ 37,500,000	1/	---

1/ Authorization expires June 30, 1973; legislation will be submitted to consolidate this activity into Special Education Revenue Sharing.

Purpose: To assist the States and outlying areas in the initiation, expansion, and improvement of programs and projects for handicapped children at the preschool, elementary, and secondary levels, and to serve as a catalyst to promote increased programming for children on a comprehensive basis involving various Federal programs and local resources.

Explanation: Funds are allocated and distributed to the States in proportion to their age 3 to 21 population (minimum $200,000). A portion of these allocations may be used for the administration of educational programs for handicapped children.

Accomplishments in 1973: States continued to use Federal funds to provide a catalytic basis for further State and local program support, and concentrated on increasing State and local funding of programs for identification and diagnosis of children and the development of regional resource personnel and centers. The program maintained the priority of a catalytic effort and operated at the 1972 level of providing direct services to over 200,000 children in Federally-supported model and demonstration programs at the State and local levels.

Objectives for 1974: Legislation will be submitted to consolidate this activity into Special Education Revenue Sharing.

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: Special target programs (Education of the Handicapped Act, Parts C and G)

	1974	
1973	Authorization	Budget Estimate
$ 32,493,000	1/	$32,493,000

1/ Authorization expires June 30, 1973. Additional authorizing legislation will be proposed.

Purpose: The Early Childhood program stimulates the development of comprehensive educational services for young (0-8) handicapped children through the establishment of model projects to be replicated, subsequently, in whole or in part, at a State or local level. The Special Learning Disabilities program is focusing on the identification and establishment of treatment approaches for specific learning disabilities disorders, the stimulation of model treatment approaches for specific learning disabilities disorders, the stimulation of model treatment programs and an incremental increase in the number of trained professionals. The Deaf-Blind Program establishes and operates centers to deliver specialized, intensive services to deaf-blind children to enable these children to achieve their full potential for communication and adjustment for useful and meaningful participation in society. The Regional Resource Centers program provides for grants and contracts to institutions of higher education or State educational agencies to establish and operate regional centers which develop and apply methods of determining the special needs of children and provide services to meet these needs; and assure that every teacher serving the handicapped children has the assistance and resources necessary for her to carry out her assigned responsibilities.

Explanation: Discretionary project grants or contracts are awarded to public and nonprofit private organizations for the development and implementation of these programs.

Accomplishments in 1973: The Early Childhood program directed its effort to increasing the enrollment of handicapped children in preschool programs by 75,000 to bring the total estimated number of children in such programs to 175,000. The Special Learning Disabilities program expanded to an additional 17 States bringing the total number of States served to 40. During school year September, 1972 through June, 1973, the Deaf-Blind Centers program directed its effort toward expanding its services through the 10 regional centers to provide educational services to an estimated 1,310 deaf-blind children; 709 deaf-blind children and their families will receive diagnostic counseling and tutorial services. For the school year September, 1973 through September, 1974 with fiscal year 1973 funds, the 10 regional centers will attempt to expand services to 500 additional deaf-blind children in residential and day facilities; total service will be to 2,600 deaf-blind children; the 15 Crisis Care Centers offered 24-hour care and pre-school experience for 150 severely handicapped deaf-blind children and intensive short-term counseling for their parents. The Regional Resource Centers program will direct its effort toward expanding the capabilities of the resource centers to meet the demands for quality comprehensive educational services for all handicapped children. The Southeastern multi-State complexes will be more fully implemented, and the upper Midwest compact will continue to receive extra resources to support its children's requirements.

Objectives for 1974:

1. The Early Childhood Program plans to: fund services through 100 demonstration projects for 5,500 handicapped children in comprehensive educational therapeutic services; provide 7,500 parents counseling and other consultative services; screen 20,000 children; and provide 5,000 teacher and aides with in-service training. Program involvement and training will be planned for 1,500 volunteers.

2. The Special Learning Disabilities Program plans to continue funding 30 service models in State education agencies.

3. The Deaf-Blind Center Program expects to provide: educational service for 2,900 children in residential and day-school facilities; crisis care service for 200 children and their families; diagnostic and educational assessment for 700 children; parent counseling for parents of 2,200 children; and in-service training for 1,200.

4. The Regional Resource Center Program will emphasize the improvement of the effectiveness of ongoing practices to serve the handicapped and the development of new techniques where none exist. Support will be provided for 7 centers. The emphasis is to cover all geographical areas. A new thrust called Special Target Grant program will provide a source of funds to assist States, local agencies and consortiums to identify issues, bring groups together to solve problems and work on the implementation of solutions. Grants will be awarded to approximately 8 States.

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: Innovation and development (Education of the Handicapped Act, Part E)

	1974	
1973	Authorization	Budget Estimate
$ 9,916,000	1/	$9,916,000

1/ Authorization expires June 30, 1973. Additional authorizing legislation will be proposed.

Purpose: The purpose of the Research and demonstration program is to improve educational opportunities for handicapped children through support of applied research and related activities. This provides the information and resources to support the development of full educational opportunity for every handicapped child. These activities are integrated in a planned pattern and support teacher training and the special services functions of the total Federal program for handicapped children. The Physical education and recreation research program provides support for research and related purposes relative to the needs and performance of handicapped children in the area of physical education and recreation.

Explanation: Applications are made by State education agencies, local education agencies, colleges and universities, and private and public nonprofit agencies. Awards are made on the basis of the proposal described in the application.

Accomplishments in 1973: The major effort was in the furtherance of research, innovation, and demonstration to assist in accomplishing overall handicapped objectives, and these efforts were closely related to developing a rational commitment to full educational opportunities for the handicapped. The issue of the ability of schools to provide necessary special services in the regular classroom for the education of handicapped children was given attention through several studies. One study was a data collection effort designed as an evaluation of integrated programming involving more than 3,000 children. The need for quality career and vocational education for handicapped youngsters received attention through support of demonstration projects.

The physical education and recreation program was involved in collecting, packaging, and disseminating efforts related to adapted physical education and therapeutic recreation.

Objectives for 1974: In the early childhood education area support will be provided for research and development activities related to the delivery of service in preschool education, and developing and validating curriculum for handicapped preschool children. Support in the important area of career education will be for analysis of prevocational preparation in special education programs, assessment of vocational programming for the handicapped, and assessment of postsecondary programs. In the "full-school services for all handicapped children" area, tasks to be supported are development of curriculum, methods, and materials related to education of handicapped children; identification of an evaluation of advances in educational technology which show promise of minimizing the educational problems of handicapped children; and the study of appropriate models for delivery of special education services. Attention will be given to the activities concerning the national interest in continuing education programs for the adult deaf.

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: Technology and communication (Education of the Handicapped Act, Part D, Section 633, and Part F)

	1974	
1973	Authorization	Budget Estimate
$ 13,500,000	$20,000,000 1/	$13,500,000

1/ Authorization for the Recruitment and information portion of this program expires on June 30, 1973. Additional authorizing legislation will be proposed.

Purpose: The Media Services and Captioned films program responds to the need to help provide the handicapped teacher with specific educational material so as to make it possible for him to educate effectively. The program makes available to handicapped persons a portion of the entertainment and educational films, video, tape, records, etc., that are available to the general public and to develop appropriate educational technology for use by handicapped pupils and their teachers. The program is also concerned with the development and implementation of systems to assure that such materials become available for classroom use. The Recruitment and information program provides non-matching grants or contracts to conduct projects to interest people in entering the career field of special education, and to disseminate information and provide referral services for parents of handicapped children.

Explanation: Qualified applicants are State education agencies, local education agencies, colleges and universities, private, and public nonprofit agencies. Awards are made on the basis of the quality and appropriateness of the proposal.

Accomplishment in 1973: The education media distribution center continued to search for new and less expensive methods of delivering services to schools and classes for the deaf and adult deaf population. The consolidation of three captioned film libraries into one covered the cost of booking films and increased the rapidity of turnover of films for wider audience viewing. The total audience in 1973 numbered more than 2.75 million. Plans were started for a program to supply films and other educational media on a no-cost basis to a minimum of 1,000 teachers of handicapped children other than deaf.

The Special Education communications network continued to develop the mechanisms to bring all handicapped children the resources they need, where and when they need them. Approximately three million have been served. The number of computer based research units reached approximately 500,000 units by 75,000 teachers. The National center on educational media and materials for the handicapped completed one year of planning and development, and is now ready to begin operations in the design, development, and adaptation of new instructional materials. The demonstration and research program supported 14 media-related projects in the area of child centered learning technology. There were a number of activities in the captioned TV area, such as captioning and broadcasting of 26 French Chef programs over PBS; captioning and broadcasting of the inaugural speech; and development of a decoder for making captioned television feasible. The recruitment and information program anticipates establishing a referral system in approximately 100 cities and conducting TV programs concerning handicapped.

Objectives for 1974: Objectives in 1974 are to develop and design resources to increase the effectiveness of scarce manpower, make it easier for the handicapped learner to be better able to participate in regular education, and reduce the long term cost of education of handicapped children. Emphasis will be directed to achieving the five major objectives for education of the handicapped: In early childhood, continuing support of media development and validation projects for early education programs; in manpower development, we continued expansion, cataloging, packaging, and dissemination of teacher media training materials; in career education, continuing work on the development of applications of technology to vocational education for the handicapped; in full services, the National Media Center for the Handicapped will help to provide management and centralized services to the media program; and in captioned films for the deaf, support of the entertainment and cultural aspects of the film program will continue, as well as captioned television experimental work in conjunction with the National Science Foundation and the television industry.

OFFICE OF EDUCATION

Education for the Handicapped

Program Purpose and Accomplishments

Activity: Special education and manpower development (Education of the Handicapped Act, Part D, Sections 631 and 632)

1973	1974 Authorization	1974 Budget Estimate
$ 37,610,000	1/	37,700,000

1/ Authorization expires June 30, 1973. Additional authorizing legislation will be proposed.

Purpose: The Teacher education program provides for the training of personnel in the various fields of education for handicapped children, such as teachers, teacher educators, researchers, speech correctionists, and other special service personnel. The Physical education and recreation training program provides for grants to prepare physical education and recreation teachers, teacher educators, supervisors, and researchers in physical education and recreation for the handicapped.

Explanation: Project grants are made to State education agencies and institutions of higher education to assist them in developing and improving training programs for educational personnel for the handicapped.

Accomplishments in 1973: The Teacher education program placed emphasis on establishing a system by which the annual increment in capacity to serve handicapped children by specially trained teachers will mount on an accelerating curve, beginning with 420,000 children in 1973; from the surplus of teachers initially prepared for regular instruction, selecting and training at least 5,000 for teaching the handicapped; developing and implementing an additional 10 programs in rural areas of the country, 5 programs in black colleges, at least 10 programs in vocational-technical education, and an additional 10 programs for teachers of the preschool handicapped. The Physical education and recreation training program planned the establishment of one additional training program; emphasis is to be placed on leadership personnel to promote programs of direct service to children and to initiate community college programs; upgrade and update with appropriate information about the handicapped at least 500 physical education and recreation personnel.

Objectives for 1974: 1974 objectives are to prepare in academic year 1973-1974, 23,000 specially trained teachers and subprofessionals to serve an additional 350,000 handicapped children. From the 23,000 to be prepared, the goal is to have 9,000 college graduates who were initially trained as regular classroom teachers. Emphasis will be placed on substantially improving the special skills of teachers through support of 280 competency-based programs with evaluation systems based on impact on children. A move will be made toward preparing leadership personnel who will train ancillary educators and subprofessionals to assist classroom teachers. These special personnel will provide less costly but more efficient educational assistance to mildly handicapped children. The Special projects program will emphasize the development and implementation of improved models for training special educators, ancillary educators, and parents. Also to be emphasized will be the development and implementation of an additional two programs for the preparation of minority-group educators.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Education for the Handicapped

State Grant Program

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
TOTAL	$ 37,499,378	$37,500,000	---
Alabama	714,722	623,197	---
Alaska	200,000	200,000	---
Arizona	281,316	292,683	---
Arkansas	372,783	330,113	---
California	3,000,969	3,385,395	---
Colorado	357,041	401,127	---
Connecticut	462,435	508,420	---
Delaware	200,000	200,000	---
Florida	921,515	1,071,232	---
Georgia	853,556	832,051	---
Hawaii	200,000	200,000	---
Idaho	200,000	200,000	---
Illinois	1,863,550	1,901,098	---
Indiana	932,742	926,786	---
Iowa	541,816	492,895	---
Kansas	423,897	388,245	---
Kentucky	638,302	572,173	---
Louisiana	714,466	696,632	---
Maine	200,000	200,000	---
Maryland	618,153	691,156	---
Massachusetts	939,707	950,174	---
Michigan	1,587,955	1,624,522	---
Minnesota	691,697	693,438	---
Mississippi	500,272	423,539	---
Missouri	803,303	789,238	---
Montana	200,000	200,000	---
Nebraska	272,180	248,063	---
Nevada	200,000	200,000	---
New Hampshire	200,000	200,000	---
New Jersey	1,084,951	1,180,056	---
New Mexico	220,142	200,000	---
New York	2,917,989	2,934,166	---
North Carolina	1,007,815	916,643	---
North Dakota	200,000	200,000	---
Ohio	1,902,397	1,875,154	---
Oklahoma	459,249	430,532	---
Oregon	349,280	355,386	---
Pennsylvania	2,092,856	1,946,284	---
Rhode Island	200,000	200,000	---
South Carolina	561,765	494,334	---

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate 2/
South Dakota	200,000	$ 200,000	---
Tennessee	741,666	678,849	---
Texas	2,001,270	2,020,909	---
Utah	207,289	210,893	---
Vermont	200,000	200,000	---
Virginia	826,445	822,173	---
Washington	565,723	595,157	---
West Virginia	393,108	296,941	---
Wisconsin	782,823	800,113	---
Wyoming	200,000	200,000	---
District of Columbia	200,000	200,000	---
American Samoa	70,000	70,000	---
Guam	80,000	80,000	---
Puerto Rico	652,233	652,233	---
Trust Territory	80,000	80,000	---
Virgin Islands	80,000	80,000	---
Bureau of Indian Affairs	130,000	130,000	---

1/ Distribution estimated on the basis of the 3-21 population, April 1, 1970, with a minimum of $200,000. 3 percent of the 50 States and D.C. amount reserved for the outlying areas.

2/ Legislation will be submitted to consolidate this activity into Special Education Revenue Sharing.

WEDNESDAY, MARCH 14, 1973.

OCCUPATIONAL, VOCATIONAL, AND ADULT EDUCATION

WITNESSES

DR. WILLIAM F. PIERCE, DEPUTY COMMISSIONER FOR OCCUPATIONAL, AND ADULT EDUCATION

DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION/DESIGNATE

DR. JOHN W. EVANS, ACTING DEPUTY COMMISSIONER FOR PLANNING, EVALUATION, AND MANAGEMENT

DR. ROBERT M. WORTHINGTON, ASSOCIATE COMMISSIONER FOR OCCUPATIONAL AND ADULT EDUCATION

MICHAEL RUSSO, ACTING DIRECTOR, DIVISION OF VOCATIONAL AND TECHNICAL EDUCATION

PAUL DELKER, DIRECTOR, DIVISION OF ADULT EDUCATION

DR. HOWARD HJELM, SPECIAL ASSISTANT TO THE ASSOCIATE COMMISSIONER FOR OCCUPATIONAL AND ADULT EDUCATION

LEROY CORNELSON, PLANNING OFFICER FOR OCCUPATIONAL AND ADULT EDUCATION

DR. DUANE M. NIELSEN, ACTING COOORDINATOR FOR CAREER EDUCATION

JOE G. KEEN, BUDGET OFFICER

CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

Object Classification (in thousands of dollars)

Identification code 09-40-0273-0-1-603	1972 actual	1973 est.	1974 est.
11.3 Personnel compensation: Positions other than permanent	88	....	....
12.1 Personnel benefits: Civilian	4	....	....
21.0 Travel and transportation of persons	152	....	....
23.0 Rent, communications, and utilities	10	....	....
24.0 Printing and reproduction	7	....	....
25.0 Other services	9,983	1,513	10,295
26.0 Supplies and materials	3	....	....
31.0 Equipment	20	....	....
41.0 Grants, subsidies, and contributions	565,921	553,517	34,705
99.0 Total obligations	576,188	555,030	45,000

Personnel Summary

Full-time equivalent of other positions	3	....	....
Average paid employment	3	....	....

Program and Financing (in thousands of dollars)

Identification code 09-40-0273-0-1-603	1972 actual	1973 est.	1974 est.
Program by activities:			
1. Grants to States for vocational education:			
(a) Basic vocational education program	384,070	384,173	....
(b) Programs for students with special needs	20,000	20,000	....
(c) Consumer and homemaking education	25,625	25,625	....
(d) Work-study	6,000	6,000	....
(e) Cooperative education	19,500	19,500	....
(f) State advisory councils	2,690	2,690	....
2. Vocational research:			
(a) Innovation	16,234	21,742	8,000
(b) Curriculum development	3,981	6,000	4,000
(c) Research—Grants to States	18,000	18,000	9,000
(d) Research—Special projects	17,980	....	....
3. Career education	....	....	14,000
4. Adult education:			
(a) Grants to States	51,273	51,300	....
(b) Special projects	6,993	....	7,000
(c) Teacher training	2,958	....	3,000
5. Planning and evaluation	884	....	....
10 Total obligations	576,188	555,030	45,000
Financing:			
21 Unobligated balance available, start of year	−6,255	−5,742	....
24 Unobligated balance available, end of year	5,742	....	....
25 Unobligated balance lapsing	513	....	....
Budget authority	**576,188**	**549,288**	**45,000**
Budget authority:			
Current:			
40 **Appropriation**	**569,027**	**542,127**	**45,000**
Permanent:			
60 **Appropriation**	**7,161**	**7,161**	....
Relation of obligations to outlays:			
71 Obligations incurred, net	576,188	555,030	45,000
72 Obligated balance, start of year	317,362	389,966	406,896
74 Obligated balance, end of year	−389,966	−406,896	−153,713
77 Adjustments in expired accounts	4,957	....	....
90 Outlays	508,541	538,100	298,183

Mr. Flood. Now we have the Office of Education, the request for Occupational, Vocational, and Adult Education. The presentation will be made by Dr. William F. Pierce, Deputy Commissioner for Occupational, Vocational, and Adult Education.

I see we have a biographical sketch for you, which we shall insert in the record.

[The biographical sketch referred to follows:]

Name: William F. Pierce.

Position: Deputy Commissioner for Occupational, Vocational, and Adult Education.

Birthplace and date: Borger, Tex., July 30, 1932.

Education: Riverside City College, Riverside Calif., 1956, Associate of Arts; University of California, 1958, Bachelor of Science; University of California, 1962, Master of Education; Michigan State University, 1967, Doctor of Philosophy.

Experience—

Position: Deputy Commissioner for Occupational, Vocational, and Adult Education.

1964–72: Michigan State Department of Education: Deputy Superintendent of Public Instruction; Director, Division of Vocational Education; Deputy Director, Division of Vocational Education. Chief of Special Programs, Division of Vocational Education; Consultant and Supervisor, Manpower Development and Training.

1963–64: Assistant Coordinator of Student Teachers, Michigan State University, College of Education.

1962–63: Part time instructor and graduate assistant, Michigan State University, College of Education.

1960–62: Vocational Agriculture teacher, Petaluma Senior High School, Petaluma, Calif.

1959–60: Vocational Agriculture teacher, Holtville Union High School, Holtville, Calif.

1958–59: Vocational Agriculture teacher (Practice teaching), Modesto Senior High School, Modesto, Calif.

Association memberships: American Vocational Association; Michigan and National Council of Local Administrators of Vocational Education and Practical Arts; Michigan Occupational Educational Association; National Association of State Directors of Vocational Education.

Mr. Flood. I see you have a prepared statement. How do you wish to proceed with this, Dr. Pierce?

Dr. Pierce. With your permission I would like to read this statement into the record.

Mr. Flood. Suppose you do that?

GENERAL STATEMENT

Dr. Pierce. Mr. Chairman and members of the committee, thank you for the opportunity to appear here today to present our budget request on Occupational, Vocational, and Adult Education for fiscal year 1974.

The request must be examined in two parts. First, the major portion of the vocational and adult education programs is being incorporated into special education revenue-sharing legislation to be transmitted to the Congress. Second, an additional $45 million is requested here under the discretionary authorities of the Cooperative Research Act and the Adult Education Act. These funds will be utilized to support the broader purposes of State programs to: (1) further develop techniques by which the career education concept can best be made an integral part of the instructional program of every teacher at every level; (2) install these tested and validated techniques into large geographical areas of several States; (3) assess and disseminate successful career education materials; (4) develop new curriculum materials in vocational education and career education; (5) improve the educational level of under-educated adults; and (6) improve State and local vocational education administration, and guidance, counseling, placement and follow-up.

The 1974 budget request for Occupational, Vocational, and Adult Education research and demonstration is $45 million. As vocational education assumes its role as an integral part of career education, $8 million is requested for vocational education innovation; $4 million for vocational education curriculum development; and $9 million for vocational education research. In addition, $10 million is requested for adult education special projects and teacher training grants and $14 million is requested for installation and demonstration of career education.

INTRODUCTION

Just over 2 years ago, Dr. Sidney P. Marland, then Commissioner of Education, began to highlight the need for infusion of a new concept in educational program planning and operation. He began the search for new meaning and new directions in education under an agency wide thrust of career education. This concept is rapidly becoming an educational principle by which education programs at all levels are being redesigned and reformed to meet the career development needs of the individual in particular and society in general. The concept weaves together the various parts of our educational system at levels K–14, postsecondary and adult. It is beginning to erode the separation between things academic and things vocational in providing a focus and purpose for all education programs.

To further achieve this large goal, we are planning to develop and install model career education components in sites around the country. These programs and projects will be carried out by State and local agencies and institutions and ultimately will point the way toward major reform of the public schools of the United States.

The training of teachers and support personnel will be a critical area in the dissemination, utilization and evaluation phase of career education models. Particular attention will be given to disadvantaged populations in urban and rural areas, including the provision of opportunities for out-of-school youngsters to recycle into training programs as their employment experience necessitates.

The following specific activities will afford the incorporation of these interrelated activities and components into the regular educational programs of education in all States and territories and will, therefore, constitute vocational education's contribution to the larger more comprehensive career education efforts.

VOCATIONAL RESEARCH

I shall discuss with you first, the request for vocational research.

In fiscal year 1974, a total of $21 million is requested to continue the major goal of improving the overall management and operation of vocational education programs through coordinated development, demonstration, diffusion, and adoption processes. To this end, we are requesting that the various vocational research authorities be funded under the Cooperative Research Act. The three specific components being requested to support our vocational efforts are:

Innovation.—An amount of $8 million is requested to continue the exemplary vocational education programs as a part of the comprehensive career education effort initiated in 1973. The major purpose here is to convert the results of completed research and development work into actual operational programs in local school districts.

Curriculum.—An amount of $4 million is requested to support 22 projects to develop curriculum for (1) students and teachers in additional occupational clusters; (2) new careers at the postsecondary level in technical education; (3) home-based television programs for adult workers, and (4) creative projects of national significance which may be submitted.

Research.—$9 million is requested to support efforts to continue vocational research programs, to produce management, administration, and planning information, for the development and/or modification and testing of comprehensive guidance, counseling, placement, and follow-up systems, and to further develop and test models.

CAREER EDUCATION—INSTALLATION AND DEMONSTRATION

Also, I would like to discuss our budget request for career education, which, as you know, is one of the major 1974 priorities among elementary and secondary education programs. The $14 million requested will support a small number of career education installation-demonstration projects. The purpose of these projects will be to demonstrate the feasibility of implementing career education through different regional, governmental and organizational arrangements. These projects will build upon the base of knowledge coming from other career education activities in the Office of Education as well as the research and development efforts in the National Institute of Education. In addition, a dissemination strategy will be planned and implemented aimed at identifying, assessing, classifying, packaging, and distributing the effective and transportable elements of the installation-demonstration projects, other Office of Education career education projects supported from other discretionary fund sources, and the National Institute of Education career model development projects.

ADULT EDUCATION

Finally, I shall discuss our request for adult education special projects and teacher training.

Adult basic education is an educational enterprise which can affect generations. Most illiterate parents tend to rear illiterate or functionally illiterate children; but the more education an adult has, the more likely he is to encourage and inspire his children to profit from education. Our experience in America clearly indicates that a step ahead for parents is likely to mean four or five steps ahead for the children—a great and rewarding increase in upward mobility.

With the $7 million requested for adult education special projects, 40 special demonstration projects will be awarded which will be aimed at reducing adult illiteracy. These grants will provide for innovative communication and computational adult education projects. Effective administrative practices and instructional techniques resulting from these grants will be made available to the States for incorporation into their State adult literacy programs.

These projects will address priorities identified by the States as being areas of greatest need and will include development of projects in:

1. Dissemination and utilization of delivery systems.
2. Development of literacy definitions for utilization in standardized measuring instruments.
3. The identification of curriculum components which improve the literacy level of illiterate adults.

Of the proposed $3 million requested for adult education teacher training projects, $2,500,000 has been earmarked for the final phase of Federal funding of the nine regional adult education staff development programs. During this phase, plans will be made to develop financial arrangements between State governments and the sponsors of the training in order to institutionalize the system without Federal funds. It is expected that training opportunities will be offered to approximately 20,000 individuals through these regional staff development programs. The remaining $500,000 will support five national institutes to be conducted in cooperation with participating institutions of higher education.

In summary, Mr. Chairman, we are requesting $14 million to carry out career education demonstration and $21 million for innovation, curriculum development, and research, to be funded under the authority of the Cooperative Research Act, and $10 million for adult education special projects and teacher training to be funded under the authority of the Adult Education Act.

INTRODUCTION OF WITNESSES

Dr. **Pierce.** My colleagues and I would be happy to answer questions. With your permission I would like to introduce those members of my staff who have not yet been introduced.

On my left is Dr. Robert Worthington, Associate Commissioner for the Bureau of Occupational and Adult Education.

Behind me we have Mr. Michael Russo, Acting Director, Division of Vocational and Technical Education.

We have Mr. Paul Delker, Director, Division of Adult Education.

We have Dr. Howard Hjelm, Special Assistant to the Associate Commissioner for Occupational and Adult Education.

We have Leroy Cornelsen, Planning Officer for Occupational and Adult Education.

We have Dr. Duane M. Nielsen, Acting Coordinator for Career Education.

VOCATIONAL EDUCATION ENROLLMENT AND THE BUDGET

Mr. **Flood.** We know that the total enrollment in vocational education has increased dramatically in the past 10 years. Your justifications show that the trend undoubtedly will continue with enrollments in the basic programs increasing from 8,062,000 in 1972 to an estimated 8,808,000 in 1973. Yet all that I see in your vocational education budget, despite all this, is a series of minuses. Education revenue sharing will not provide additional dollars.

All these things being so, how in the world can the States meet this increased responsibility without Federal aid? All those things being true, what about this?

Dr. **Pierce.** The assumption you make is that there will be no Federal funds for vocational education supplied to the States. Under the revenue sharing package the same amount of dollars is earmarked for distribution to the States through the special revenue sharing package as we have provided in the past to the categorical program.

Mr. FLOOD. But the education revenue sharing would not provide additional dollars.

Dr. PIERCE. No additional dollars. The request is for maintenance of effort for vocational education for the coming year.

Mr. FLOOD. Then you are right on the same merry-go-round with everybody else. When I asked you the question—despite Mr. Miller's happiness about the week that was and the bills coming up—if by a stretch of your imagination Congress does not give you this special revenue-sharing bill, then where are the States in your program? There are no additional dollars.

Dr. PIERCE. The answer to that has been——

Mr. FLOOD. You have a series of minuses. Then where are you?

Dr. PIERCE. The answer is consistent. It is our assumption that Congress will, indeed, provide the States with the funds through the special revenue-sharing bill.

Mr. FLOOD. Suppose you stretch your imagination. Suppose Congress does not pass it? Then what happens?

Dr. PIERCE. I cannot perceive.

Mr. FLOOD. Even beyond your imagination?

Dr. PIERCE. Even my imagination cannot perceive that.

Mr. MILLER. One point we have not emphasized is that this whole matter will spill over into the next fiscal year and we will be operating under a continuing resolution again. This I am sure will buy us enough time to determine the issue we are talking to here, either new legislation or some kind of decision on existing programs.

Second, I am not sure where the minuses are you are referring to. I think you will find on a comparable basis, whatever we show for vocational education is essentially the same level between 1973 and 1974.

PROJECT BASELINE

Mr. FLOOD. I assume that you are familiar with Project Baseline. This is a study of vocational education made by the National Advisory Council on Vocational Education.

A report was issued last November. What is your reaction to the report and its recommendations for increased Federal support for vocational education?

Dr. PIERCE. I will ask Dr. Worthington to respond, Mr. Chairman.

Dr. WORTHINGTON. We received the draft report about 3 weeks ago—I mean a preliminary report. I think it has some very excellent documentation of the expansion of vocational education, the outstanding job of vocational education.

Mr. FLOOD. You just got a draft report 3 weeks ago.

Dr. WORTHINGTON. I think you are talking about the preliminary report.

Mr. FLOOD. Yes, that was back in November sometime.

Dr. WORTHINGTON. Yes.

This involved several hundred people who have gone into the State educational agencies and really studied them in depth. I think one very significant thing they found was the low cost of vocational education per student. They found we had increased, doubled enrollment in the last 10 years.

Mr. FLOOD. You mean low cost to the student?

Dr. WORTHINGTON. No, I am talking about the low cost per Federal dollar to provide the program.

The average Federal cost was $43 per student, which is very low compared to other federally supported programs. I was really pleased and surprised to see such a high percentage of females, that 55 percent of our students in federally supported vocational education were women. I think in general it is an excellent report, one that has involved nearly 700 people throughout the Nation. As far as the recommendations, we have not had a chance to thoroughly study the recommendations, although I do happen to have a list here today.

I do not see any recommendations that would cause us any problems.

Mr. FLOOD. Now that you have it, I wish you would get on this right away and by the time you get this record at your department, I wish you would have for us a reasonable synopsis of what your reaction is in answer to my question for the record.

Dr. WORTHINGTON. Yes.

[The information follows:]

SYNOPSIS OF PROJECT BASELINE

Learning and Living Across the Nation, known as Project Baseline, is a 4-year nationwide study of vocational education being conducted by Northern Arizona University for the National Advisory Council on Vocational Education. The study will result in four annual reports providing statistical and descriptive information available in skill training programs public and private throughout the United States.

Data is being gathered from the States through personal contacts with public and private agencies. A base line of information has been established during the first year (July 1971–September 1972) upon which changes and expansion resulting from Federal legislation and policy decisions can be measured in subsequent years. The objectives of this study can more specifically be defined as follows:

A. To provide the National Advisory Council on Vocational Education with information on how Congress, USOE, and States identify data requirements regarding vocational education.

B. To provide NACVE with a review and analysis of data-collecting systems currently being used in vocational education.

C. To provide NACVE with current data on vocational education in the United States as gathered by OE, DOL, HUD, and so forth.

D. To provide NACVE with suggestions for improving current systems or specifications for developing new systems for vocational education.

Publication of the first annual report is on schedule and will be available for review this spring.

CAREER EDUCATION

Mr. FLOOD. The budget includes $14 million for career education. That is to initiate a small number of these demonstration projects. The National Institute of Education is also budgeting funds for career education, $26,900,000 in 1974.

Why can't you wait for the Institute to do the research and development before you start your demonstration projects? Doesn't that make sense?

Dr. PIERCE. There are a number of activities that have emerged from the early efforts, both those that are now being continued by NIE and the models that were in place in six cities, plus those viable activities that have been supported from various parts of the vocational education research. There are good results coming out of those efforts that are indeed quality materials which can be put in place.

It is not necessary, and I am sure NIE would agree with us, to wait until the final results of the research project. That is going to be a longitudinal study.

Mr. **Flood**. What is a longitudinal study?

Dr. **Pierce**. One that continues over a number of years. They will continue to provide us with additional information. If we really believe, as we do, in vocational education and if we really believe in expanding vocational education as quickly as we possibly can—remember that career education is not a new idea; there are a lot of components of career education that are vocational education and have been for long time. There are those various components that can indeed be demonstrated and put in place in a number of demonstration sites around this country without waiting for the final results of a more sophisticated research study that deals with all of the various agencies that may have to respond in one way or another to the whole idea of career education at all the levels. So we think it is highly inappropriate to bring to a halt all the things that have been happening in vocational education and career education to have NIE then say we have finished this long-term study and we have decided there are certain things that do work and certain things do not work.

Mr. **Flood**. Did you talk to any NIE people about this?

Dr. **Pierce**. Yes.

Mr. **Flood**. About this idea?

Dr. **Pierce**. We are in constant contact.

Mr. **Flood**. The purpose and intent of my question, why should you wait. You talked to them, why you should not wait.

Dr. **Pierce**. They never suggested to me since I have been here that we should wait. We have had a number of conversations with the chairman of the task force that is responsible for career education.

CAREER EDUCATION AS R. & D. EFFORT

Mr. **Flood**. Is it fair to say that career education is a Federal research and demonstration program; and therefore, the States can expect no additional funding to actually carry out a career education program?

Dr. **Pierce**. We have to keep in mind that career education is not a program in the sense that you can take it and say, here is career education, put it in place, in each community, in this particular way. Career education is a concept. It is a different way of looking at the totality of education with a central focus. The fact is that we are trying to make everything that takes place in a classroom relate to that youngster who will have to function as an adult in a society that changes at an astronomical rate.

We have to talk about different ways of looking at a total education system. If you are going to talk about funding career education then you have to talk about the Federal Government funding education in its entirety and obviously that is not the role of the Federal Government. The Federal Government has, in our opinion to serve a catalytic role and use the Federal funds to initiate certain kinds of activities at the local level which will then be picked up and supported by local and State funds just as the educational system is supported by local and State funds.

VOCATIONAL RESEARCH RELATED TO NIE

Mr. **Flood**. Why wasn't vocational research, as such, transferred to the National Institute of Education? That is now the leading agency for education research. One of the purposes was to set up an outfit to handle education research. Are you still going to insist upon your piece of this pie?

Dr. **Pierce**. It was our assumption that was the congressional intent, because the Education Amendments of 1972 stipulated that the vocational education research would stay in the new Bureau that was created by Congress.

There are some very different kinds of research activities that can and indeed should be conducted by NIE and by us. They do not duplicate each other, but they complement each other. The NIE responsibility is to develop a basic R. & D. structure for education throughout the country. The vocational education activities are designed more for decision-oriented research which allows managers of vocational education programs to make appropriate decisions in terms of improving vocational education.

Dr. Hjelm may want to speak more to this.

Mr. **Flood**. Does he?

Dr. **Hjelm**. You want me to talk about the role of National Institute of Education and the Office of Education.

Mr. **Flood**. Yes.

Dr. **Hjelm**. When you look at the basic research and training of researchers and disseminating information through the ERIC system, building labs and centers, this is definitely the role of the National Institute of Education. We are not involved in that at all. When you come to the more applied things such as developing curriculum materials for immediate utilization in the classroom we see this as a role for our particular programs. I think the NIE and their building of educational models is more comprehensive and complete system of instruction and more long term in range, whereas ours is for more immediate utilization.

Dr. **Worthington**. Mr. Chairman, I might compare it somewhat to handicapped research. It is a special mandate, as we see it, to do applied "action" type research. As you know, half of the total appropriation goes directly to the States. Most of the States, beginning in 1965, established research coordinating units for occupational education, which served as disseminators, promoters of research and coordinators of research rather than actual doers of research. This makes it possible for State leaders to instantly get information on research that affected vocational education. It has been an impetus on vocational education since 1965.

NEW OCCUPATIONAL EDUCATION PROGRAM

Mr. **Flood**. Those same educational amendments of 1972 authorized a new program for occupational education.

Dr. **Pierce**. That is right.

Mr. **Flood**. I notice you are proposing to add the word "occupational" to the title of this very appropriation we are talking about. But I do not find in your budget any funds for this new occupational program. Are you proposing to fund the program? If not, why do you go to all the bother of changing the title of the appropriation without any money? Is this just a beau geste, or what?

Dr. **Pierce.** All of Government, all agencies are faced with the fact that the President has established $268 billion as a level, and the Office of Education has its own level of funding. As a result we had to take some hard looks at what we could and could not do with the level allowed us by the administration. We think that the administration has responded positively to vocational education and occupational education——

Mr. **Flood.** By amending the Act.

Dr. **Pierce.** No, by not doing what they have done in some other programs, and that is reducing the level, but by maintaining the level. However, when you have to make certain kinds of tradeoffs, new starts, new programs are those that have to be looked at.

Mr. **Flood.** Suppose we want to trade off, we want so many billions of dollars for this and will take it from something else.

Do you want to make a deal?

Dr. **Pierce.** I am not in a position.

Mr. **Flood.** You cannot do that.

Dr. **Worthington.** You did mandate to set up a Bureau.

Mr. **Flood.** You set up the Bureau.

Now what happens?

Dr. **Worthington.** We have a deputy commissioner for occupational education. That is a step forward.

Mr. **Flood.** You amended the appropriation title and you have a deputy commissioner and that is all.

Dr. **Pierce.** No.

Dr. **Ottina.** If I may point out one aspect, the responsibility for the administration of the Vocational Education Act was placed under that deputyship by the statute itself. We did have this year an operating program under that act and therefore we required this deputyship to administer that act.

Dr. **Pierce.** In addition to that, Mr. Flood, we are moving forward to identify people that were mandated by that particular act that had specific skills that Congress felt we did not have in the Bureau. We will attempt to bring those people aboard as quickly as we possibly can. In addition to that there are a number of congressional mandates that are very clear in the act that we think we can carry out without the additional funds in 1974.

Mr. **Flood.** You mean somebody downtown is paying attention to congressional mandates.

Dr. **Pierce.** We intend to do that, sir.

Mr. **Flood.** That is not obsolete?

Dr. **Pierce.** I would assume not.

Mr. **Flood.** That is an archaic term that you just seemed to have dusted off.

Dr. **Pierce.** Perhaps it is the result of my being here only 9 weeks.

OCCUPATIONAL EDUCATION COMPARED WITH CAREER EDUCATION

Mr. **Flood.** You have a sense of humor anyhow. Is occupational education the same as career education?

Dr. **Pierce.** No, it is not. It is an integral part of career education. Occupational education is that portion of career education that deals with the attainment of certain kinds of specific skills generally associated with the upper high school and later years. Career education talks about and deals with the need for youngsters to be aware of occupations beginning at the elementary level, for youngsters to have exposure to a variety of occupations at the junior high school level so they can make appropriate decisions when they go on to either the world of work or higher education. Occupational education is a portion of career education but certainly is not career education. They are not synonymous terms.

PROPOSED TERMINATION OF SMITH-HUGHES ACT

Mr. **Flood.** Here is part of the same thing that is going on all over the place. I notice in your list of reductions in vocational education that you show a minus $7,161,455 for the Smith-Hughes Act.

By the way, suppose you put in the record here a brief synopsis of the Smith-Hughes Act. Most people have forgotten what the Smith-Hughes Act is.

[The information follows:]

✓ Insert p. 2474

2. Brief Synopsis of the Provisions of the Smith-Hughes Act

Smith-Hughes Act (1917) P.L. 64-347

An Act to provide for the promotion of vocational education; to provide for cooperation with the States in the promotion of such education in agriculture and the trades and industries; to provide for cooperation with the States in the preparation of teachers of vocational subjects; and to appropriate money and regulate its expenditure.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby annually appropriated, out of any money in the Treasury not otherwise appropriated, the sums provided in sections two, three, and four of the Act, to be paid to the respective States for the purpose of cooperating with the States in paying the salaries of teachers, supervisors, and directors of agricultural subjects, and teachers of trade, home economics, and industrial subjects, and in the preparation of teachers of agricultural, trade, industrial, and home economics subjects; and the sum provided for in section seven for the use of the Federal Board for Vocational Education for the administration of this Act and for the purpose of making studies, investigations, and reports to aid in the organization and conduct of vocational education, which sums shall be expended as hereinafter provided.

Vocational Education Amendments of 1968, 90th Congress, 2d Session, House Report #1647 Supplemental Views on H.R. 18366

This legislation consolidated the existing authority for vocational education programs under the George-Barden Act and the Vocational Education Act of 1963. In fiscal year 1970, funds appropriated for the Smith-Hughes Act remaining on the statute books were permanently transferred to the Vocational Education Act of 1963, as amended. This consolidation was proposed in response to the first recommendation of the Advisory Council on Vocational Education which stated "Administrative complexities should be reduced by combining all vocational education legislation into one act."

Vocational Education Amendments of 1968, 90th Congress, 2d Session, Senate Report #1386 Supplemental Views on S. 3770

This section provides that effective for each fiscal year after 1969, all appropriations pursuant to the Smith-Hughes Act shall be deemed to have been appropriated pursuant to Section 102 of the Vocational Education Act of 1963, as amended by this legislation.

P.L. 90-576, 90th Congress, H.R. 18366, October 16, 1968
Title I - Amendments to the Vocational Education Act of 1963

This includes Section 104 which refers to use of funds available under the Smith-Hughes Act. Funds appropriated by the first section of the Smith-Hughes

Act shall be considered as funds appropriated pursuant to section 102(a) of this Act.

Section 102(a) is the authorization of appropriations. There are authorized to be appropriated $355,000,000 for the fiscal year ending June 30, 1969, $565,000,000 for the fiscal year ending June 30, 1970, $675,000,000 for the fiscal year ending June 30, 1971, $675,000,000 for the fiscal year ending June 30, 1972, and $565,000,000 for the fiscal year ending June 30, 1973 and each succeeding fiscal year for the purposes of parts B and C of this title. From the amount appropriated pursuant to the preceding sentence and allotted to each State under section 103, 90 per centum shall be available for the purposes of Part B and 10 per centum shall be available for the purposes of Part C.

(b) There are also authorized to be appropriated $40,000,000 each for the fiscal years and ending June 30, 1969 and June 30, 1970 for the purposes of section 122(a) (4) (A). Nothing in this subsection shall be construed to affect the availability for such purposes, of appropriations made pursuant to subsection (a) of this section.

(c) There are further authorized to be appropriated for each fiscal year such sums as may be necessary to pay the cost of the administration and development of State plans, the activities of advisory councils created under this title, and the evaluation and dissemination activities required pursuant to this title.

P.L. 92-318, 92d Congress, S. 659, June 23, 1972 contained amendments to P.L.90-576 Title II VOCATIONAL EDUCATION

The amendments contained statements of clarification of definition of vocational education with respect to Individual Arts programs; inclusion of Volunteer Firemen; and extending authorizations of Parts D,E,F,G,H and I.

The permanent Smith-Hughes appropriation authority would continue as described in P.L. 90-576 until changed by Congress.

Mr. **Flood.** You know and I know that this is a permanent appropriation. What have you done? Have you just repealed the law? Is this another mandate?

Dr. **Pierce.** That minus along with the other minuses that the chairman continues to refer to are those funds that are being recommended to be transferred to the special education revenue-sharing. They are not lost and will be available to the States.

That program will allow the States to maintain the intent of Congress when they mandated those funds.

Mr. **Flood.** You did not hear the question. I am talking about the Smith-Hughes Act. That is a law. Now that upsets you very much, but that is a law. It is on the books and has been there a while. It has been there so long that I asked you to bring to the attention of the record again the provisions of the act. That is a permanent appropriation.

Dr. **Ottina.** Mr. Chairman, you are quite correct.

Mr. **Flood.** There is nothing unusual about that.

Dr. **Ottina.** As we will submit our proposal for educational revenue-sharing in addition to its substituting for a certain set of statutes and authorities which expires on June 30, we will be proposing to the Congress that certain others be repealed. You have so identified one which we would suggest that Congress repeal.

Mr. **Flood.** Mr. Shriver.

Mr. **Shriver.** Thank you, Mr. Chairman.

BASIC STATE GRANTS TO BE REPLACED BY REVENUE SHARING

Doctor, you are proposing to discontinue direct support for the basic grants to States for vocational and adult education, and these are successful and popular programs.

Dr. **Pierce.** Yes.

Mr. **Shriver.** You propose to fund these programs under special revenue-sharing.

Do you anticipate language in the special revenue-sharing legislation to be submitted to the Congress that would require the States to spend a similar amount for these programs from shared revenues as was spent under the direct support?

Dr. **Pierce.** I really cannot respond to that because we have not yet seen the language of the special revenue-sharing bill which will be submitted to you.

In terms of specifics I am hard pressed, as we all have been, to talk about specifics. We assume that there will be a category that deals with vocational education, and that category will allow each of the States to determine how best to spend those funds.

I think it is fair to point out that the basic grants to vocational education and the other $80 million or so that are earmarked for certain kinds of clients, those are really not different except Congress did indeed say that certain amounts of the basic grants should initially be spent for these various client groups.

We are suggesting now that all of those funds would go to the States and they would determine on the basis of their own needs and assessment which client groups need assistance for vocational education and the basic grants plus all the other categorical funds would be addressed to those particular needs as they occur in each of the States.

Mr. **Shriver**. Have you consulted with the State vocational and adult education people on this revenue-sharing proposal, and what is their response?

Dr. **Pierce**. I think the sense of what I get as I talk to directors of vocational educational at the State level and people at the local level, their response is positive in terms of the concept. Every one likes the idea of having flexibility in making decisions at the State and local level. There is a degree of concern how it is actually going to be implemented. That is logical and understandable when you are talking about a new program. There is always that feeling of nervousness of something new and how it is really going to work.

In general the concept has been well-supported.

Mr. **Shriver**. You say the States and localities will have greater flexibility in the use of the funds. How do you anticipate that their options will be greater?

Dr. **Pierce**. For example, in the current legislation for the categorical funds, certain percentages of funds must be used for certain categories of people. That then limits the options at the State level and one must address oneself to that particular category, and must spend funds in that particular area. It may well be that there is a much greater need with another group of people where if you could consolidate the resources and address that particular need with all of the resources at any particular time that problem could be solved much easier and more effectively and efficiently. Those are the kinds of decisions which can now be made under revenue sharing that cannot be made under existing legislation.

TOTAL FUNDS FOR CAREER EDUCATION

Mr. **Shriver**. What is the total request for fiscal 1974 under all programs in the Office of Education for career education?

Dr. **Pierce**. Specifically for career education?

Mr. **Shriver**. Yes.

Dr. **Pierce**. There is only one request that is specific for career education and that is the $14 million I alluded to earlier. There are a number of other programs that will address themselves to career education. Higher education has committed about $28 million in 1974 to programs that relate to career education. There are a number of others.

Mr. **Shriver**. How does this compare with prior years?

Dr. **Pierce**. Over 1972 it is up about $12 million.

Dr. **Ottina**. Mr. Shriver, we have seen career education as a responsibility of all of us in the Office of Education and though Dr. Pierce has specific responsibility for one area and some coordination responsibility for the program, all the funds do not rest under his jurisdiction.

We would be pleased to provide for the record an enumeration of this for you.

Mr. **Shriver**. I wish you would.

[The information follows:]

DHEW/Education Division—fiscal year 1974 initiatives in career education

[In thousands of dollars]

Appropriation/Activity:	
Occupational, Vocational, and Adult Education:	
Cooperative Research Act	
Innovation	8,000
Curriculum development	4,000
Research	9,000
Career education model installation	14,000
Higher Education (HEA IV)	
Cooperative education	10,750
Talent search	1,000
Special services in college	11,000
Upward Bound	7,331
National Institute of Education	15,100
Total	80,181

NOTE.—The above table does not include activities which may be conducted by the States from their revenue-sharing allocations.

Mr. SHRIVER. Are other departments, such as Labor, involved in career education?

Dr. PIERCE. Indirectly they are. The Manpower Training Act programs are involved in career education. The Department of Defense has contacted Dr. Worthington and me in regard to how they can best implement the career education concept in their training programs for servicemen. So they are involved. To say that they have specifically earmarked x amount of dollars for career education, I do not think it would be fair for me to speak for them.

Mr. SHRIVER. It is not the kind of a program where students are grouped together because of their own career interests.

Dr. PIERCE. Career education?

Mr. SHRIVER. Yes.

Dr. PIERCE. No.

Mr. SHRIVER. It is throughout the school system and educational process.

Dr. PIERCE. That is right.

Mr. SHRIVER. It is not a new concept.

Dr. PIERCE. Not at all.

OCCUPATIONAL CLUSTERS

Mr. SHRIVER. You mentioned occupational clusters on page 3 of your statement. What do you mean by that?

Dr. PIERCE. I would ask Dr. Worthington to expand on that, but I would say briefly some years ago the Office of Education decided that it was appropriate to take the 23,000, roughly, occupations that are listed in the dictionary of occupational titles and cluster them in some meaningful way so we do not have to talk about the absolute mind-boggling idea of dealing with 23,000 different occupations, but to say that there are certain kinds of common functions that cut across a number of these occupations. So the Office of Education clustered these into 15 clusters. We have been attempting to develop curriculums in five of these and five of them are being field tested in five different locations around the country this year, and the rest will be developing clusters or curriculums in some of the other clusters with the funds available in 1974.

Dr. **Worthington.** I think that is a pretty good general statement about it. Fifteen clusters have been identified that cover broad occupational areas such as the transportation occupational cluster. It includes the least identifiable skilled jobs up to the design engineers. In entering a cluster through the types of curriculums we hope to develop and implement we would have an added potential of going from the lowest level all the way up.

LITERACY DEFINITIONS

Mr. **Shriver.** On page 5 you say you want to develop projects to come up with literacy definitions. Is there some problem in determining what we have considered as literacy?

Dr. **Pierce.** Yes, there is, as a matter of fact.

Mr. **Shriver.** You mean you cannot define it now?

Dr. **Pierce.** We have a variety of definitions of what constitutes basic literacy in this society. We have a project now with the University of Texas that is attempting to come up with an acceptable description of what constitutes literacy in terms of reading, computational skills, writing, as well as certain kinds of coping skills. We contend simply being able to read does not make one literate. We are now in the process of funding that project. Once we get that definition, it will give us all a minimum base upon which to determine whether or not an adult is indeed literate. Secondly, whether or not the programs that we provide for adults help them to reach that minimum level.

ADULT EDUCATION TRAINING

Mr. **Shriver.** Also on page 5 you say plans will be made to develop financial arrangements between State governments and the sponsors of the training for adult education in order to institutionalize the system without Federal funds.

Dr. **Pierce.** Yes.

Mr. **Shriver.** Would you expand on that?

Dr. **Pierce.** In keeping with the concept that Federal funds should be catalytic in nature, and get things going.

Mr. **Shriver.** And leave them.

Dr. **Pierce.** No, not leave them. But being removed and left in place with other support systems. We have been providing Federal funds to these nine regional programs. Over this next year they will determine how those can be maintained with State and local funds. It was a part of the agreement and a part of the program that they would determine in what ways they could indeed continue to support these so that the 20,000 people we talk about receiving services from those programs will not be dropped after the Federal funds are backed out. Mr. Delker may wish to respond on this.

Mr. **Delker.** I think Dr. Pierce has basically covered it. This was a 3-year program in which the amount of Federal funds was constant over a 3-year period, and each region and State in that region in concert with a university are pledged to increase their contribution, either from their State grant funds or the funds that will become available under revenue sharing in the future, or other sources—State, local, or Federal.

The first year for every dollar from the section 309(c) funds they were asked to direct 50 cents. The second year a dollar for dollar, and the third year $2 for every $1 of section 309(c) funds. Thus when the Federal funds are withdrawn the level of activity would be sustained by the other sources.

ADVISORY COUNCILS

Mr. Shriver. Doctor, even if special revenue sharing were adopted for vocational education, it would seem that there would still be an important role for the State advisory councils and the national advisory council. Under the revenue sharing the States would probably need this advice even more and the assistance they might offer. Why not continue these advisory councils on a State basis?

Dr. Pierce. It is our assumption that they will be continued at the State level, because the funds that were provided initially for the maintenance of State advisory councils are a part of the revenue sharing funds. The States can indeed make the decision as to whether or not they should keep them. Our assumption is that each State will make that decision independently. I would assume that there would be a positive decision.

STATUS OF NATIONAL ADVISORY COUNCIL

Mr. Shriver. What would be the status of the National Advisory Council on Adult Education under the revenue sharing concept?

Dr. Pierce. There is no support measure for the national advisory councils or most of them that are now being proposed to be supported by Federal funds under the Revenue Sharing Act. Therefore, there will be no funds to maintain their existence under that particular provision.

The Commissioner of Education will take a look at the need for advisory councils under revenue sharing, and under this new method of providing funds for the States and will make certain decisions in regard to which councils should be maintained, or if indeed there should be a new configuration of councils and perhaps some additional and new ones created. Dr. Ottina may want to expand on it since it is his responsibility.

Dr. Ottina. I think you are correct. We will look at this establishment, to see if a single council with subordinate pieces or perhaps with a council for each of the areas that we would propose as national interest priority areas would be considered.

We are not yet ready to submit our recommendations.

Mr. Shriver. This will not be included in next week's presentation.

Dr. Ottina. It will not.

Mr. Michel. Is there a need for an independent input that has been provided by the National Council, up to this point at least?

Dr. Ottina. One of our concerns is really the relationship we will be developing between the States and the national level once we get into revenue sharing. There certainly was, we felt, a beneficial experience and need in the past where we had a much more direct involvement through a program such as we are proposing to put in revenue sharing. However, with the change in relationship it seems to us right now that the need may be quite different in that respect. We would look at that and try to propose a different arrangement.

Mr. SHRIVER. I believe that is all, Mr. Chairman.

Mr. FLOOD. Mr. Patten.

AREA VOCATIONAL TECHNICAL SCHOOLS

Mr. PATTEN. Dr. Pierce, I feel as though I am attending a funeral. Can we take for granted that I come from northern New Jersey, which is the most urban area of the United States? Dr. Worthington can corroborate it.

Dr. WORTHINGTON. Yes, sir.

Mr. PATTEN. It is also true that my county has five vocational schools.

Dr. WORTHINGTON. Five area vocational technical schools, that is right.

Mr. PATTEN. With two beautiful ones that we built in the last few years, only because of Federal money.

By the way, Doctor, when you were deputy commissioner in the State, how many vocational buildings did we put up with the help of Federal money?

Dr. WORTHINGTON. Beginning in 1965 and running up through August of 1971 we constructed 34 area vocational technical schools in New Jersey.

FUNDING VOCATIONAL EDUCATION UNDER REVENUE SHARING

Mr. PATTEN. That is right; only 10 years ago we could not get much money from the legislature of the State of New Jersey. New Jersey was the poorest State for aid to vocational education. How do you think vocational education will end up as far as getting dollars from our New Jersey Legislature from revenue sharing?

Dr. WORTHINGTON. I think since 1965 when we first implemented the Vocational Act of 1963—it was actually funded in October 1964—we developed a planning system. Every State has now developed a system of planning which is very important for revenue sharing.

The State has to have a strong planning system. Every State now has developed a planning system, some more sophisticated than others.

Mr. PATTEN. You are not answering my question. I was back in Trenton. We had our hat in hand—the State just received $100 million of revenue sharing—and you and I are there to request some of the large sums that we are now receiving from the Federal Government. The exact amounts New Jersey now receives are listed here.

Ten million dollars in one area, and a million and a half dollars for adult education. We are back in the State legislature and I am asking you to be realistic, based on all our past experience.

Dr. WORTHINGTON. You are still the Secretary of State and I am still the Assistant Commissioner in Charge of Vocational Education, with the background and support we evolved the last 7 years I think we would come out alright. People in New Jerey now believe in vocational education, whereas I do not believe they did 8 or 10 years ago when you were in the State government.

Dr. PIERCE. I would like to be in Michigan under those conditions because Michigan under the Federal revenue-sharing, as will New

Jersey, will get essentially the same amount of Federal money for vocational education as with categorical funds.

Mr. PATTEN. I am glad to hear that. I did not know that.

Dr. PIERCE. The difference is, as I understand the bill, that under revenue-sharing with certain categories stipulated for certain areas, and vocational education is one of them, the State director of vocational education can, with his Governor and with the State advisory council, if that remains in place and some other assistance, have more flexibility to make decisions where those funds should go. Whether or not more money ought to go into the construction of new facilities. By the way, you talk about constructing facilities, there were 405 area vocational schools in this country in 1963. There are now 1,880 some. Obviously those funds have been used very well, and New Jersey and Michigan and every State used those funds for those purposes. The need is still there. My contention is that under revenue-sharing the State can indeed pour more of those Federal funds into the construction of facilities if it determines at the State level that that is a major need.

If on the other hand in a particular State the major need is to provide more funds for counseling and guidance and we have enough facilities for the time being, we can put more funds in counseling and guidance. The flexibility is there. The ability now to really develop a program around the needs of each State—and they are individual and unique needs—the Director of Vocational Education can make a decision that in Wilkes-Barre there is a need for more vocational funds because of the flood.

The Director of Vocational Education can indeed determine that there is a need for more assistance in vocational education in that particular area because of the natural disaster that occurred in that area. He does not have that flexibility now. Sir, I maintain that New Jersey and every other State is going to be better off under this particular program than they are now, simply because of the ability to make their own decision to meet their own needs.

POTENTIAL FUNDING PROBLEMS

Mr. PATTEN. That is exactly what I am afraid of. We work hard and long to develop our system of vocational education. You cannot tell me that vocational education in the United States is that broad, that it is that even. In my lifetime in my State, the farm county south of me had no vocational schools. We had the factories, we had the schools. You cannot tell me this money is going into the New Jersey Treasury and the cities are going to receive their money back for the vocational schools proportionately as we have from the Federal Government.

That statement is ridiculous. I am not familiar with Michigan, but when I think of industrial Detroit, if you are trying to tell me Detroit is going to get a fair share and the same amount when the State legislature in Michigan gets its hands on this money, I will get the surprise of my life.

I do not believe it. I know in my State my vocational schools are going to be hurt, because even if you give us dollar for dollar, it will never go to where we have the system working.

ADULT EDUCATION PROGRAM IN NEW JERSEY

Doctor, you know everybody is enthused about our adult education under your program in New Jersey. It is really delightful and wonderful. You can go to my town—you never gave us another dime for facilities—there are 1,600 people that will crowd the night school tonight. They have the walls cracking at the seams. We have the factories that want machinists and electricians and technicians for laboratories. You do not have that where you don't have the factories.

We have a highly industrial complex. You cannot tell me you can give the District of Columbia the same kind of vocational money and put it to use. I do not see it. In the past it has not happened. I do not think you can give it to other areas in other States. I sat next to a fellow from Tennessee 10 years ago when I came down to Congress trying to get him to vote for a vocational education bill and I found he did not know what I was talking about. He did not have any vocational schools in his district. I never felt that vocational education school money went evenly around the country. I felt that those who worked hard in the industrial area and put up the vocational schools had a concentration. I do not know anything about Idaho or Wyoming or South Dakota, but I never associated them with vocational education in the sense that we have it in my district.

I just fear that those of us who worked hard and long to push vocational education and turned out people to help industry, are going to suffer in this distribution because this distribution will go to cows and acreage and not where it belongs. I will be interested to see what this bill contains when it comes.

Mr. FLOOD. Mr Michel.

EARMARKING FUNDS IN REVENUE SHARING

Mr. MICHEL. Thank you, Mr. Chairman. I asked Dr. Ottina earlier, and I will ask you now, do you plan to earmark any of the vocational education items going into revenue sharing?

Dr. PIERCE. I do not know that yet, sir. I have not seen the bill. I have not seen the first draft of the special revenue-sharing bill. I do not know what the provisions are.

I think those decisions are still being wrestled with at the moment. I cannot answer that until I see the bill.

Mr. MICHEL. I have been pushing and pushing here to get that bill up here so we will know what we are talking about. You don't even know what is in it and it is supposed to come up next week with a hearing scheduled for the 19th. How can that be?

Mr. FLOOD. Mr. Michel, our hearings we hope will be finished on education at the end of this week. We go on to health next week.

Mr. MICHEL. I know that.

Mr. FLOOD. If you will yield, I never encountered a major issue like this education problem, knowing it was coming here, knowing we were a month late ourselves in getting started—I am not blaming you—it is just inconceivable. As everybody said in the last four or five days, this is not a political problem. There is not a stronger supporter of the administration and the Republican Party in the history of Congress, but you see the position Mr. Michel is in. He is a member of this Committee on Appropriations. He has been for years. You just heard Mr. Patten and Mr. Smith the other day. There is no question that we are in a vacuum.

Dr. **Ottina.** We quite appreciate your condition.

Mr. **Flood.** That will do a lot of good, too, won't it?

NATIONAL PRIORITY FOR VOCATIONAL EDUCATION

Dr. **Ottina.** If I might just add a sentence to what Mr. Pierce said, we will have and continue to have a national priority in the area of vocational education. One of the areas we will be proposing is to maintain a certain amount of funds in that area, earmarked as you called it earlier.

Mr. **Michel.** I would sure hope so.

The fellow who sat in this seat before me, Mel Laird, as the Chairman knows, and Garner Shriver and I, when we were just three on this side with the rest on the other side, have always been strong on vocational and adult education, and recognize the need for it.

One of the reasons I ask this is because I am concerned over what may happen if we suddenly pull off all the guidelines and tell the States, "Fellows, it is all your problem." Are the States in any kind of shape to handle this sort of abrupt change without running into serious difficulties in the process of trying to realine their priorities? I am not saying "are the natives really ready for self-government," but I am asking do they have the resources and mechanisms to handle this kind of change.

Dr. **Pierce.** If I may add to that, I was not aware that you were asking about categorical funds in terms of the broad aspects of vocational education. I thought you were asking whether there would be categories within that further breakdown, and that is what I was trying to respond to.

In terms of vocational education and the States' abilities to plan, the mere fact that the 1968 amendments and the 1963 act, indeed, mandate that there be long-range planning, 5-year planning and 1-year planning in vocational education has allowed each State the ability to develop certain kinds of expertise in planning for their own needs. They have been doing that and doing it quite well. I am rather confident that vocational educators are indeed ready for self-government and they have this ability and experience and can do this job themselves.

STATE AND LOCAL EXPENDITURES FOR VOCATIONAL EDUCATION

Mr. **Michel.** Have we had placed in the record yet at this point what States and local communities are spending for vocational education?

Dr. **Pierce.** Not in this record.

We can provide that.

Mr. **Michel.** You can supply that for the record?

Dr. **Pierce.** Yes.

Mr. **Michel.** Could you break that down by States?

Dr. **Pierce.** Yes, sir.

[The information follows:]

TOTAL EXPENDITURES FOR VOCATIONAL EDUCATION, FY 1972 ✓ Insert p. 2508

		Total (000's)		Federal (000's)		State/Local (000's)
	TOTALS	$2,658,062		$464,521		$2,193,541
10	Alabama	37,968		10,441		27,527
11	Alaska	4,966		911		4,055
12	Arizona	17,702		4,281		13,421
13	Arkansas	16,207		5,384		10,823
14	California	259,756		37,514		222,242
15	Colorado	28,923		4,902		24,021
16	Connecticut	39,125		3,873		35,252
17	Delaware	8,660		1,196		7,465
18	District of Columbia	3,210		847		2,363
19	Florida	90,192		14,777		75,416
20	Georgia	52,264		15,285		36,979
21	Hawaii	7,806		2,261		5,545
22	Idaho	7,307		2,419		4,888
23	Illinois	189,099		19,848		169,251
24	Indiana	35,810		11,608		24,202
25	Iowa (Estimate)	31,837		5,074		26,763
26	Kansas	19,624		5,236		14,387
27	Kentucky	34,479		9,282		25,197
28	Louisiana	32,175		10,493		21,682
29	Maine	15,796		2,583		13,213
30	Maryland	66,610		6,686		59,924
31	Massachusetts	128,815		10,243		118,572
32	Michigan	56,999		12,704		44,295
33	Minnesota	56,246		8,958		47,428
34	Mississippi	26,380		7,432		18,949
35	Missouri	45,209		10,025		35,183
36	Montana	8,569		2,182		6,387
37	Nebraska	12,513		3,691		8,829
38	Nevada	4,302		1,205		3,097
39	New Hampshire	7,493		1,686		5,806
40	New Jersey	42,542		13,574		28,968
41	New Mexico	10,192		3,254		6,938
42	New York	328,653		33,816		294,837
43	North Carolina	99,029		15,634		83,395
44	North Dakota	6,059		2,127		3,932
45	Ohio	139,092		22,497		116,595
46	Oklahoma	28,552		7,788		20,764
47	Oregon	27,562		5,242		22,320
48	Pennsylvania	172,056		27,661		144,395
49	Rhode Island	8,850		1,761		7,089
50	South Carolina	24,758		9,382		15,375
51	South Dakota	5,444		2,135		3,309
52	Tennessee	39,900		9,474		30,426
53	Texas	130,241		26,194		104,047
54	Utah	18,455		3,109		15,346
55	Vermont	9,355		953		8,402
56	Virginia	44,987		12,244		32,744
57	Washington	53,492		8,984		44,508
58	West Virginia	14,498		5,234		9,265
59	Wisconsin	71,448		9,170		62,279
60	Wyoming	4,633		846		3,787
61	American Samoa	272		141		132
62	Guam	1,834		434		1,400
63	Puerto Rico	27,149		9,611		17,539
64	Trust Territory	1,746		290		1,456
66	Virgin Islands	1,058		176		882

Source: Annual State Vocational Education Reports

Note: Because of rounding detail may not add to total.

Mr. PATTEN. You have a lot of charts to back up what each State gets. That does not show the true picture as far as we are concerned.

Dr. PIERCE. No.

Mr. PATTEN. The State of New Jersey never took its responsibility in vocational education, but our cities and counties paid the cost. That is the point I am making. If you send this money back to our statehouse, our vocational schools are not going to get dollar for dollar. I was never so sure of anything in my life.

Mr. MICHEL. What you are saying there, Mr. Patten, is an indictment of your own State.

Mr. PATTEN. Positively.

Mr. MICHEL. I cannot level that kind of indictment against my own State. You either have confidence in your own State or you do not; I do. Those we elect are not all members of my party and if they do not do right, I will be critical but I still like to think that they are subject to the electorate and the people had a choice and either liked or did not like what they did at the State level.

EDUCATION SUPPORTED BY GENERAL REVENUE SHARING

Mrs. GREEN. If my colleague would yield; as I have previously stated, I voted against revenue sharing, but there is a bright spot in my own State of Oregon in the revenue sharing. Of the one-third the State gets the Governor is recommending that 95 percent of the State share of general revenue go to the schools. It has passed the house and is going to the senate.

It is an encouraging sign.

Mr. MICHEL. It is. I must confess that a few times before I did not support general revenue sharing.

I am, frankly, more inclined to support a proposition where we do have a little bit of say about the area in which this Federal resource goes. After all, we take the heat for raising the money. I do not want to have everything to say about the administrative decisions at the local level, and precisely how programs ought to be run, but if I take that heat for raising the revenue, I want to have a little bit to say about priority in the area of expenditures.

So we get a mixed bag up here. Those who originally were for general revenue sharing and who would fall in line for something like this, are taking a completely different view, for whatever reasons. This will take not only this session but the next session of Congress, too, to get a better feel on what the Congress will eventually do on these special revenue-sharing propositions.

NUMBER SERVED BY VOCATIONAL EDUCATION PROGRAMS

What are your up-to-date figures on the number of people being served through these groups of programs in vocational education?

Dr. PIERCE. Through the various categories?

Mrs. GREEN That is right.

Dr. PIERCE. The 1973 figures projected a total enrollment of 12,600,000. At the secondary level there is 7.6 million. Postsecondary level, 1.6 million, roughly. I am rounding off for you. If you like, I will give you these figures for the record.

Mr. Michel. I will ask you again. That 12 million figure seems to be an awfully big one. I had figures which indicated that there are about 9.6 million students and trainees in all vocational education and manpower programs in the country.

Dr. Pierce. No.

The figures I have before me show in 1971 there were 10,400,000 total.

Mr. Michel. Can you tell me how many times you are counting people twice or three times? How many are in and out of the program and counted both times?

Dr. Pierce. No.

Mr. Michel. You cannot tell me that?

Dr. Pierce. Yes. We can tell you these are unduplicated. At points there were duplicated counts. The Federal Government a number of years ago initiated a data collection process that eliminated the duplication.

Dr. Worthington. The 1973 projection is based on the State plans and what the States base projected 1972 enrollments.

Mr. Michel. Were they pumping up their figures at all for a variety of reasons?

Dr. Pierce History will show as we compare actual figures against their projections they do not vary that much.

Mr. Russo. No, they are very stable. I would simply say the figures we had 2 years ago were estimates and now we have the actual figures.

AREAS OF VOCATIONAL TRAINING

Mr. Michel. Could you provide, for the record, the general areas of most interest, and specifically the kind of training and areas where most of the people are involved?

Dr. Pierce. Yes, sir.

[The information follows:]

Enrollment in vocational education by level and type of program, fiscal year 1972

Enrollment by level:	
Total	11, 602, 774
Secondary	7, 232, 430
Postsecondary	1, 303, 894
Adult	3, 066, 450
Disadvantaged	(1, 616, 630)
Handicapped	(221, 245)
Enrollment by occupational program:	
Agriculture	896, 459
Distribution	638, 413
Health	336, 666
Home economics (gainful)	279, 489
Office	2, 351, 878
Technical	327, 068
Trade and industry	2, 407, 808
Other	1, 201, 736
Enrollment in special programs:	
Consumer and homemaking	3, 163, 499
Cooperative, part B	340, 690
Cooperative, part G	118, 953
Work-study	30, 980

PLACEMENT RESULTS

Mr. Michel. Do we have any good up-to-date figures on what success we have had after training in putting these folks to work?

Mr. Russo. You mean placement results?

Mr. Michel. Yes. That is the real objective. We do not want to be spinning our wheels. There has to be a job at the end of the road. If the economy is in a state of serious decline, obviously the problems are compounded. But if the economy is rolling along at a pretty good clip there ought to be a job at the end of that training period or we are not training them for the right jobs.

Mr. Russo. Yes, sir.

The last figures we had from the State show there was between 70 and 80 percent in terms of direct placement. And there are 10 percent that go into the military service. We have roughly 10 percent that go into jobs related to their training, so our placement results as indicated by the States are very good.

Dr. Pierce. It is interesting to note, too, that those get better as you look at the postsecondary enrollments and the placement in occupations for which they were trained. It is higher than it is at the secondary level. That is to be expected. As the youngster makes decisions and moves ahead in his career preparation ladder, he begins to narrow more and more into a specific occupation.

Dr. Ottina. And there are more and more skills offered to the market.

CHANGE IN RESEARCH EFFORT

Mr. Michel. How does the thrust of your research effort change if the funds are provided under the authority of the Cooperative Research Act?

Dr. Pierce. We have a somewhat different authority under Cooperative Research which is a little broader.

Dr. Hjelm. Under cooperative research we have authority for applied kinds of studies, for curriculum development and dissemination. About the only thing we lose is authority for basic research which we do not plan to do and NIE will do. Also authority to train researchers. We are relying on NIE to do that as well.

Dr. Worthington. The States would get their half under revenue sharing.

Mr. Michel. Would it be fair to say that the National Institute of Education will administer the bulk of vocational education research?

Dr. Ottina. No, sir; I do not think it would. Further we mentioned that the amendments passed in 1972 specifically stated that there should be a Bureau of Occupational and Adult Education which should be responsible for administering part C and I, of vocational education which is the research authority. So the bulk of vocational education research would remain in this Bureau in the Office of Education.

STATE AND LOCAL RESEARCH EFFORT

Mr. Michel. Under your proposal, what sort of research effort do you see at the State and local levels?

Dr. Pierce. Under the revenue-sharing proposal?

Mr. Michel. Yes.

Dr. **Pierce**. The States have currently in place some rather sophisticated efforts in the demonstration projects and also in using part C research funds. Half of the funds go directly to the States now.

Our assumption is that those efforts would continue and would be maintained. There would be no reduction in the amount of funds that would be available for that effort. So we are assuming they would continue to put in place certain kinds of specific research efforts that respond to a particular need in their State.

I think of one research effort that I am very familiar with which was funded with State funds, and experimented with the use of computers in counseling and guidance. As a result of the use of those funds, that effort is now being expanded across that State and into some other States.

Those kinds of activities would continue.

DEMONSTRATION PROJECT

Mr. **Michel**. How have you heretofore built a demonstration project? What goes into it?

Dr. **Ottina**. From the Federal level?

Mr. **Michel**. Yes.

Take me through the steps very briefly. You can expand for the record.

How does it come about?

Dr. **Worthington**. The State and/or local agency submits a proposal through the State board if they wish, or directly if they wish. It comes into the office. We have established a review board.

Mr. **Michel**. Is it required that there be State approval?

Dr. **Worthington**. It is not specifically required, but we would like to have evidence that the State has endorsed the plan.

For example, Peoria could submit its plan directly to us or it could come to us through the State. We have a review team established composed of an expert from the outside, a person from our office and a person from the regional office, who using objective criteria, evaluate the plan. The States know the criteria. It is a very sophisticated procedure.

Mr. **Michel**. What are the outer limits, in dollars, for a demonstration project?

Dr. **Hjelm**. They run $100,000 to $150,000 a year for about 3 years.

Mr. **Michel**. At that level?

Dr. **Hjelm**. That is right.

Mr. **Michel**. When we have a project of that kind, do we give them a flat 3-year commitment?

Dr. **Hjelm**. We take a moral commitment for 2 years of continuation of the cost.

Mr. **Michel**. Is it a reviewable year?

Dr. **Ottina**. It is reviewable each year.

Our commitment is for the first year and we are not empowered because we do not have funds to make commitments for the second and third year.

Our intent when we look at the project is to fund it for the 3-year period.

Mr. **Michel.** I think that is all for now, Mr. Chairman.

Mr. **Flood.** Mr. Obey?

UNCERTAINTY OF REVENUE SHARING

Mr. **Obey.** First of all, before any questions, Mr. Chairman, I would again like to emphasize what Mr. Michel said about sharing a feeling of frustration. It is frustrating to sit here, and have so many questions bear directly on what is in that revenue-sharing package, and not know what is in it—and neither do you. It is just very difficult to form any intelligent questions given that problem.

I would like to get away from the narrow categorical approach in some areas but I cannot unless I have assurances that there is enough earmarking in-depth to protect the programs which you and I both know—would not fare as well as they ought to if they were handled solely at the local level without any Federal requirements.

Dr. **Ottina.** I think we all have that very same concern. Yet we would like to provide a certain amount of flexibility. It is that balance that we are all seeking.

HOME BASED TELEVISION PROGRAMS FOR BLUE COLLAR WORKERS

Mr. **Obey.** On page 203 of your justifications—before I get to that—who was it that said he would like to be back in Michigan and New Jersey? I know the director of vocational education in the State of Wisconsin, but he is not very comfortable about the prospects as it relates to Wisconsin. I would like to toss that in for the record.

On page 203, I wonder if you could just explain to me a little bit more about this. You say you are funding two projects for home-based television programs for blue collar workers. Could you expand on that a little bit?

Dr. **Worthington.** This is 1 of 22 projects we propose to implement in fiscal 1974 under the curriculum development program.

We would fund two projects, we think, $500,000 to develop adult level curriculums and instructional materials. These materials would be used for educational television. They would be used to train and upgrade the associate professional, the subprofessional, the skilled craftsman, the person in the home who wants upgrading. We know that more and more persons want information on their career field so they can either upgrade themselves or move into a different career. We think this would be very useful. It goes right along with the concept of life-long education and continuing education which is so predominant. Wisconsin has one of the most outstanding programs in this field. You have a project at the University which has been reaching a lot of people in the rural areas in Wisconsin through an adult education program. There would be curriculum development in the home through educational television programs for adults.

Dr. **Pierce.** The idea is that too many people are locked into occupations that do not provide them an opportunity to break out of that lock.

Mr. **Obey.** How far along are you with planning on that?

Dr. **Worthington.** Our curriculum center has developed the request for proposals in draft form.

Dr. PIERCE. At the moment we do not have any specifics in terms of the response to the request for proposals.

Mr. OBEY. I wonder if you could expand more fully in the record on that point because I have some interest in that.

[The information follows:]

DESCRIPTION OF HOME-BASED TELEVISION PROGRAMS FOR BLUE-COLLAR WORKERS

Occupational education in a TV mode will be directed toward blue-collar workers representing 40 percent of American families. This group includes those employed as semi-skilled or skilled workers who, economically, may just be "hanging on." Many lack the competencies needed for advancement. They tend to reach a plateau in their capacity to earn by promotion or advancement, but their expenses continue to rise.

The blue-collar worker, independent and taxpaying, is the "forgotten man," supporting programs targeted at the disadvantaged on wages only a notch or so above the liberal States' welfare programs, yet excluded from the benefits of these programs. He feels that his work has little status in the eyes of society, the media, or even his own children. If he is to advance economically, socially, and in terms of his own self-concept, he needs opportunities for learning—and these in a mode which makes possible training and retraining for occupational roles, in an effective manner and at low cost. He may not go out and seek opportunities to learn, but he will take advantage of opportunities brought to him. His home is likely to provide space and facilities for learning.

Technological advances are making possible increased home learning opportunity through such media as television, audiovideo cassettes, microfilm, and as TV-telephone computer hookup. It is projected that 70 percent of American families will have access to cable TV by 1980. The hardware is there or on the way; there is a dearth of content.

What is proposed here is occupational education in priority areas for the blue-collar worker and his family via a television mode.

SUPPORT FOR CAREER EDUCATION DEMONSTRATION SITES

Mr. OBEY. Last year in the hearings someone mentioned there were $9 million in the budget for vocational education discretionary research grants to be used to continue support of the career education demonstration sites established in each State during fiscal 1972. Just for my own benefit, could you tell me where that was in Wisconsin?

Dr. WORTHINGTON. I could not tell you specifically in Wisconsin but the $9 million was allocated by the Commissioner. Each State received on a formula basis the amount they were to receive.

Wisconsin would have received about $350,000 to $400,000. I can provide you the exact amount and tell you where it was located. That project was funded in 1972, with the idea that in 1973 the State would continue it. This would be a career education-oriented project, a research project, which would have about 25 percent of its content career guidance, counseling, and placement activities.

As a matter of fact, we brought State directors in from around the Nation to talk about it and they helped develop the guidelines. Mr. Russo informed me that your project is located in Madison, Wisc.

We can provide more specific information. Every State had at least one project in 1972 from the $9 million which we allocated on the formula basis.

They had to submit proposals. We developed very simple guidelines of three and a half pages, which were the shortest guidelines developed in history, got the proposals in, evaluated them, and we are funding them again this year for the second year.

Mr. OBEY. I would like some more information about what that project is about.

[The information follows:]

State and project number: Wisconsin, V261027L.

State-level project administrator: Mr. Roland J. Krogstad, research consultant; board of vocational, technical, and adult education, 137 East Wilson Street, Madison, Wis. 53703.

Federal funds provided under section 131(a), part C: $186,774.

Duration: February 4, 1972, to August 3, 1973.

SITE INFORMATION

The city of Eau Claire is the project site in Wisconsin receiving special fiscal year 1972 funds under section 131(a) of part C to develop and demonstrate career education components. Eau Claire is a county seat with a diversified economy. In many respects it is the key city in west-central Wisconsin. The public school district covers 147 square miles. There are 3,350 students enrolled in 2 high shools and 7,062 students enrolled in grades K–8. It maintains a staff/pupil ratio of 19.5 in grades K–8 and 19.2 in grades 9–12. Seventeen counselors are employed at the secondary level. The Area Vocational/Technical District No. 1 encompasses all or part of the seven counties in the Eau Claire region of the State and is located in the city of Eau Claire.

DESCRIPTION OF PROGRAM

Junior high component.—Counselors will work with teachers in the career orientation program, helping them to relate their subject matter to the world of work as well as helping them teach related concepts. The school curriculum will provide "hands-on" opportunities to try out a variety of simulated and actual work situations through a rotation of short courses, job experience kits, prevocational and vocational education courses, work-study and cooperative education programs.

Guidance and counseling component, K-adult.—School counselors will provide leadership, counseling, consulting, and coordinating services in this career education project. At the elementary school level, emphasis will be primarily in the areas of consulting and coordinating to help the classroom teachers plan and implement learning activities that will introduce and develop career development concepts and achieve the objectives in their local career development guide. Personal counseling and group guidance activities will also be provided when appropriate to help children build self esteem and develop positive attitudes toward school and the world of work. At the junior high school level, counselors will also provide assistance to teacher teams as they implement a career development guide designed to provide opportunities for students to explore their interests and aptitudes in relation to possible future adult roles. Care will be taken in helping students make wise decisions concerning senior high school elective courses in line with their attained knowledge of self and the world of work. At the senior high level, counselors will also work with teachers within disciplines and across disciplines in planning and implementing learning experiences. They will also provide leadership in the production of local resource materials by working closely with the school system's local vocational education coordinator, audiovisual consultants, and employers in the community. Counselors at the Eau Claire Technical School will help teachers within occupational clusters as they integrate career development concepts into their programs.

Placement component.—Staff will strive to place students in employment, private or public vocational-technical schools, or colleges. Exit counseling will also be provided those with immediate goals other than employment or further education. This group might include those planning to go into military service, those planning to travel for a period of time, or those getting married in the near future.

SHORTAGE OF VOCATIONAL EDUCATION TEACHERS

Mr. OBEY. On the teacher shortage—I guess this is directed to Dr. Ottina—that we supposedly have within the vocational education area, has my memory slipped up or did you tell us a couple of weeks ago in our hearings that you were discontinuing some programs for the development of vocational education teachers?

Dr. **Worthington**. Part F of EDPA, which was for personnel development in vocational education, that particular program is being phased out. However, the States have elected to use nearly $30 million in the past year for teacher training out of their vocational education State allocations.

Mr. **Obey**. Why have you phased that specific program out if we do have such a serious teacher shortage?

Dr. **Worthington**. Part F had two parts, sections 552 and 553. One was for advanced graduate study in the field for fellowships and the like for individuals. The other had to do with a State program tied to the State plan for vocational education. It appears that the States are moving along well in the field of teacher training and have elected to use a large share of their part B funds along with State funds for this purpose.

Mr. Obey. Let me just ask you a question in general about community colleges.

Wisconsin has had a long debate about the wisdom of going to the community college concept, or sticking with our vocational-technical school system. We have a system under which we have our liberal arts offered in university 2-year centers around the State, in addition to 4-year campuses. We keep the vocational and technical programs separated. The legislature, certainly when I was there, and I think they still feel the same way, has been worried about the fact that whenever you develop a community college that the vast majority of the kids wind up in college transfer programs rather than vocational programs. I am wondering if there really is any difference in terms of the percentage of kids coming out of Wisconsin vocational and technical schools who go into the job market versus the percentage of kids who go to higher educational training leading to a 4-year degree someplace.

Do you have any idea?

Dr. **Worthington**. As a matter of fact, I had the pleasure of speaking at the graduation of the Milwaukee Technical College last year and spent 2 days visiting with the president. That school has such a diverse program it offers everything from a 1-week course to certification, to high school students. It is such a diverse institution that it can meet the vocational and technical needs of any citizen in the area. I do not think that institution would have any conflict. It does provide the vocational education at whatever level the person wants.

Mr. **Obey**. My question is: Is that a real issue or not?

Dr. **Worthington**. I do not know how much has been a real issue and how much has been fiction.

WISCONSIN EXPERIENCE VERSUS OTHER STATES

Mr. **Obey**. I wonder if you have any statistics which would indicate whether there is a difference in the percentage of kids enrolled in job-oriented programs as opposed to percentage of kids who wind up transferring to a liberal arts college and get a degree. Is there a difference in the Wisconsin statistics versus many other States?

Dr. Pierce. I do not think we have information specifically that answers your question in terms of Wisconsin vis-a-vis some other States. We could probably provide that to you if you like.

I think we can say as you look at the community college movement across the Nation it varies with the commitment of the administration of that community college in terms of the amount of enrollment. We are seeing 50 and 60 percent enrollments in community colleges in the occupational education programs, the nontransfer kind of programs, although those kinds of programs lead to transfer if a student makes a different career decision and wishes to go to higher education.

As high as 40 to 60 percent of the enrollments in many of the community colleges are in the occupational education program.

ENROLLMENTS IN JOB-ORIENTED AND ACADEMIC COURSES

Mr. Obey. Would you supply for the record information which would show on a State-by-State basis what percentage of kids who are enrolled are enrolled in job-oriented as opposed to 2-year college-type courses, where they later on move into a 4-year program?

Dr. Pierce. Rather than say yes, specifically, may I say we will see if we have the information available and if we do, we will provide it to you. I do not know if we have the information at hand.

[The information follows:]

Insert p. 2563

VOCATIONAL EDUCATION POSTSECONDARY ENROLLMENT AS A PERCENT OF ENROLLMENT IN TWO-YEAR COLLEGE PROGRAMS
FISCAL YEAR 1972

State	Vocational Education Postsecondary Enrollment	Enrollment in 2-Yr. College Programs	Vocational Education Postsecondary As Percent of 2-Yr. College Enrollment
Totals	1,303,890	2,625,015	49.7
Alabama	19,853	29,319	67.7
Alaska	2,814	247	1139.3
Arizona	38,318	54,736	70.0
Arkansas	6,240	3,423	182.3
California	329,635	746,669	44.1
Colorado	14,964	24,653	60.7
Connecticut	6,977	28,717	24.3
Delaware	1,249	7,783	16.0
District of Columbia	1,653	5,272	31.4
Florida	75,173	120,602	62.3
Georgia	26,262	26,554	98.9
Hawaii	10,107	14,725	68.6
Idaho	3,255	7,992	40.7
Illinois	89,168	180,327	49.4
Indiana	7,529	8,456	89.0
Iowa	15,996	24,924	64.2
Kansas	9,283	23,752	39.1
Kentucky	12,844	1,641	782.7
Louisiana	19,375	5,390	359.5
Maine	2,065	1,437	143.7
Maryland	19,522	52,725	37.0
Massachusetts	13,019	58,469	22.3
Michigan	63,216	140,182	45.1
Minnesota	21,130	23,004	91.9
Mississippi	8,812	25,215	34.9
Missouri	14,282	38,006	37.6
Montana	4,125	2,353	175.3
Nebraska	7,180	6,090	117.9
Nevada	2,050	3,927	52.2
New Hampshire	2,011	1,019	197.4

VOCATIONAL EDUCATION POSTSECONDARY ENROLLMENT AS A PERCENT OF ENROLLMENT IN TWO-YEAR COLLEGE PROGRAMS
FISCAL YEAR 1972 (Cont'd)

State	Vocational Education Postsecondary Enrollment	Enrollment in 2-Yr. College Programs	Vocational Education Postsecondary As Percent of 2-Yr. College Enrollment
New Jersey	16,974	61,808	27.5
New Mexico	5,099	1,402	363.7
New York	62,883	229,074	27.5
North Carolina	46,421	61,309	75.7
North Dakota	4,307	5,411	75.6
Ohio	20,186	46,254	43.6
Oklahoma	5,832	23,241	25.1
Oregon	22,444	48,313	46.5
Pennsylvania	29,642	55,978	53.0
Rhode Island	1,058	4,198	25.2
South Carolina	7,463	25,518	29.2
South Dakota	2,002	419	477.8
Tennessee	17,773	17,556	101.2
Texas	52,508	148,999	35.2
Utah	13,059	10,665	122.4
Vermont	212	2,291	9.3
Virginia	18,807	45,167	41.6
Washington	58,701	93,859	62.5
West Virginia	2,685	7,540	35.6
Wisconsin	48,990	55,081	88.0
Wyoming	1,617	7,662	21.1
American Samoa	800)	5,663	302.3
Guam	39)		
Puerto Rico	16,080)		
Trust Territory	165)		
Virgin Islands	36)		

Source: Annual State Vocational Education Reports and Opening Fall Enrollment, Pre-Publication Release, NCES, December 1972

Mr. Obey. The reason I ask this is because it has a direct bearing on what we are going to do 2 and 4 years from now in our State.

I think recommendations are going to come down from some quarters to eliminate the separation of vocational and technical schools and the liberal arts colleges. I am opposed to that change, I think. It has been my concern that if we put the vocational and technical school programs together with liberal arts many administrators are going to think there is more glory in being a liberal arts administrator than a technical school administrator and there will be more emphasis placed on the liberal arts programs.

I wonder if my gut reaction to that is valid or whether I am crazy. That is all I have, Mr. Chairman.

Mr. Flood. Mrs. Green.

FUNDING UNDER EDUCATION REVENUE SHARING

Mrs. Green. Let me go to one point, if I may, in the settlement that was made this morning.

You are proposing, as I understand it, that $45 million for vocational and adult education be put into the education revenue sharing.

Dr. Pierce. No. That $45 million will be held out of the vocational education revenue sharing and that will be the discretionary funds available for us to carry out the research in the career education and other activities.

Mrs. Green. And the rest would be in the revenue sharing, is that right?

Dr. Pierce. Yes.

SEC. 1202 STATE COMMISSIONS

Mrs. Green. We had testimony the other day in regard to the commission, which is required under section 1202 of the Higher Education Act.

Dr. Pierce. Yes.

Mrs. Green. It is in the record that the letters have been sent to the States advising that they can ignore that provision in the law and that the Office of Education has decided not to ask that State commissions be set up under 1202, is that correct?

Dr. Pierce. Yes.

Mrs. Green. If you propose not to fund title X, and instead to include it under revenue sharing, what provision are you making for the State commissions, or are you trying to bypass that congressional requirement that a State commission be set up?

Dr. Ottina. Mrs. Green, I do not believe we propose that revenue sharing be in lieu of title X of the Education Amendments of 1972. We were talking about revenue sharing in lieu of some of the Vocational Education Act.

Mrs. Green. The commission that was to be set up in all of the States was for the purpose of trying to coordinate all of the programs, is that not correct—vocational education, community college, and technical education and higher education, all kinds of postsecondary education?

Dr. Worthington. I think that is correct; also the infusion of occupational education at all levels of education.

Mrs. **Green.** What I am trying to get is an explanation of what seems to be a bypassing of the requirement that Congress has made for State commissions.

Dr. **Ottina.** As we understood the requirement it was specifically for title X, and some other sections that were enumerated.

Mrs. **Green.** That is right.

Dr. **Ottina.** Therefore, since we are not seeking funds for those titles, then it would not be mandatory that these 1202 commissions be established to oversee and plan for that effort.

Mrs. **Green.** But you are including some of the funds, even though not title X specifically, that would come under the provisions that brought about the setting up of the State commissions?

Dr. **Ottina.** We did not believe we were including any funds that were in any of the specific sections that were cited.

Mrs. **Green.** That is all, Mr. Chairman.

Mr. **Flood.** Very well. Mr. Conte.

PROGRAM OPERATIONS UNDER REVENUE SHARING

Mr. **Conte.** You are requesting the termination of a substantial number of programs which provided categorical grants to States for occupational, vocational, and adult education. You also state that these programs will come under educational revenue sharing. How much money will be directed to this area under revenue sharing?

Dr. **Pierce.** While we have not seen the language of the special revenue sharing bill, we assume that there will be a category that includes vocational education and adult education. Specifically how much money will be allowed for these categories under revenue sharing is not known; however, each State will be able to determine on the basis of its own needs and assessments which client groups need assistance for vocational and adult education. The vocational and adult education categorical programs proposed to be replaced by special revenue sharing were supported to the level of $526,288,000 in fiscal year 1973.

Mr. **Conte.** What controls will be used to assure that the areas covered by the Federal categorical grant programs will be covered under the revenue sharing?

Dr. **Pierce.** Again, it is not possible to give a specific answer to this question. However, it is assumed that under revenue sharing, all of the funds would go to the States and they would determine on the basis of their own needs which client groups need assistance for vocational and adult education.

Mr. **Conte.** After enactment of general revenue sharing, a good deal of confusion arose as to how the money could be used and standards for compliance. Might this type of confusion not be even greater for special revenue sharing?

Dr. **Pierce.** While we are not aware of the exact nature of the confusion surrounding implementation of general revenue sharing, we do feel that the States have had a great deal of experience administering vocational and adult education programs in the past and special revenue sharing will no doubt complement these past efforts and permit expansion of existing programs and establishment of new ones where appropriate. We expect that the legal requirement for how the money will be spent will be adequately detailed to prevent any such confusion from occurring.

Mr. CONTE. What is being done to assure that, if educational revenue sharing is passed, there will be a smooth transition so that there is not dislocation for those who these programs are intended to benefit?

Dr. PIERCE. We expect that provisions of the revenue-sharing proposal to address this issue as we are certainly aware of the necessity to provide for this contingency. We cannot however, at this time provide the information you request.

Mr. CONTE. Do you have an estimate of how many people will benefit from these programs under educational revenue sharing?

Dr. PIERCE. It is estimated that 13,618,000 persons will be enrolled in vocational and technical education programs in fiscal year 1974 under present funding capabilities. Under revenue sharing, there is no assurance that the same amount of Federal, State, and local funds will be available for the purposes of vocational-technical education. Therefore, the estimated enrollment could be decreased if the same amount of funds were not available for vocational education purposes.

If the States support adult education under revenue sharing to the same degree they did in 1972, we can expect approximately 691,000 persons to benefit from the program.

Mr. CONTE. How does this compare with the number who are benefiting from the present Federal program for occupational, vocational, and adult education?

Dr. PIERCE. The anticipated enrollment for vocational education programs in fiscal year 1973 total 12,552,000. About 691,000 people will be enrolled in adult education programs through the country.

CAREER EDUCATION

Mr. CONTE. What steps are being taken to assure a better public understanding of the concept of career education?

Dr. PIERCE. A combination of State, local, and Federal efforts has evolved into cooperative presentations of the concepts and principles of career education. These efforts have taken the form of regional, State, and Federal conferences; speeches by officials from the Federal office; special inservice training institutes; and, dissemination of current information to the public on a regular basis as it becomes available. In addition, staff from the Federal office have been available for consultation to the business and industry community as well as assisting other Federal agencies in addressing the need and procedures for instituting career education activities within their own agencies.

Also the majority of the States have established task forces or other planning mechanisms have been active in career education program development.

SUPPORT SERVICES

Mr. CONTE. What will the effect of the recent proposed restrictions on the social services program have on the availability of these support services?

Dr. PIERCE. The combined activities of the supportive services have been very productive. Any budgetary curtailment of these services could hinder the growth of programs for the disadvantaged.

Mr. CONTE. Have these recommendations been evaluated yet?

Dr. PIERCE. Advisory council recommendations in each State are submitted to the State board for vocational education for consideration. The subsequent State plan includes the board's response to each recommendation and incorporates the recommendations adopted by the board. A review of the previous year's recommendations indicated that many recommendations are favorably received and acted on.

Mr. CONTE. What is being done to disseminate these evaluations and recommendations?

Dr. PIERCE. The Division of Vocational Education analyzes the evaluation reports of the State advisory councils. These analyses are used through technical assistance program activities to aid the States in strengthening their administration, planning, and programing.

The National Advisory Council on Vocational Education summarizes each State advisory council report and submits a report to Congress. The summary reports are published and disseminated to Members of the Congress and to the States.

IMPLEMENTING DEVELOPMENTAL MODELS

Mr. CONTE. On page 201, you state that the products of vocational research innovation will serve as developmental models for implementation by other agencies under educational revenue sharing. What incentive or coercive force will this revenue sharing have to assure that they are implemented?

Dr. PIERCE. As far as we can tell, revenue sharing will probably not provide any overt incentive for other agencies to accept the products of the developmental models coming out of these innovation activities. We should point out, however, that over the past several years, the States in concert with the Federal office, have identified certain areas of need which determine the type of models to be developed. While we cannot force implementation of the results of this model development program, we have experienced great success in having these results of past efforts accepted since many of the models have been implemented on statewide bases.

There is no reason why this effort could not continue or where appropriate expand under revenue sharing.

Mr. CONTE. How successful has the Office of Education been in getting the benefits of the vocational exemplary program implemented in the past?

Dr. PIERCE. Vocational exemplary programs as provided for under Public Law 90-576 are designed as 3-year efforts. They were first funded in fiscal year 1970, with project activities beginning, in most cases, in the summer of 1970. Thus most of the projects will not be reaching completion until the summer of 1973. The maximum disseminating and implementation of the benefits of the projects will probably not occur until the school year 1973-74.

There are, however, a number of examples of dissemination and implementation already underway. The State of South Dakota is taking the pilot program which has been developed in Watertown as a vocational exemplary program and is using this as a model which is to be replicated throughout the State on a planned time schedule.

The State of West Virginia has drawn heavily on its vocational exemplary project as a source of ideas, techniques, and materials for significant statewide efforts in career education. The State of

North Dakota has used its vocational exemplary project as a focal point for developing and testing career education components for statewide use.

The Career Education Task Force of the California State Department of Education is using its pilot projects under part C and part D (research and exemplary programs) of Public Law 90–576 as its main vehicle for developing, implementing, and disseminating the California version of career education.

The part D vocational exemplary programs in New Jersey have been key elements in Governor Cahill's strategy for developing and implementing career education on a statewide basis.

The career education projects launched in June of 1972 by the Appalachian Regional Commission drew heavily on ideas, techniques, and materials emerging from vocational exemplary projects, and are replicating many of the components from the vocational exemplary projects.

Wyoming has a sysematic 5-year plan for spreading the techniques and materials from the vocational exemplary project in Riverton to all other school districts throughout the State.

The Career Education Task Forces in Arizona and North Carolina have drawn on the experience of the vocational exemplary projects in formulating their plans for statewide efforts in career education.

The Kansas State Department of Education has used its part D vocational exemplary projects to develop a statewide network of pilot career education programs involving suburban and urban school district and the State university.

These and other examples are providing some initial indications that the benefits of the vocational exemplary projects are being successfully implemented and expanded into ongoing programs in many States.

CURRICULUM DEVELOPMENT

Mr. CONTE. On page 203 you state the main objective of the curriculum development program. What occupational clusters will be stressed in fiscal year 1974?

Dr. PIERCE. In fiscal year 1974, curriculum is planned to be developed in the following five occupational clusters: continuing from fiscal year 1973, marine science and consumer and homemaking education; new starts in fiscal year 1974, environmental education, and fine arts and humanities.

HOME BASED TELEVISION

Mr. CONTE. Could you describe the home based television programs for blue-collar workers?

Dr. PIERCE. Occupational education in a TV mode will be directed toward blue-collar workers representing 40 percent of American families. This group includes those employed as semiskilled or skilled workers who, economically, may just be "hanging on." Many lack the competencies needed for advancement. They tend to reach a plateau in their capacity to earn by promotion or advancement, but their expenses continue to rise.

The blue-collar worker, independent and taxpaying, is the "forgotten man," supporting programs targeted at the disadvantaged on wages only a notch or so above the liberal States' welfare programs, yet excluded from the benefits of these programs. He feels that his work has little status in the eyes of society, the media, or even his own children. If he is to advance economically, socially, and in terms of his own self-concept, he needs opportunities for learning—and these in a mode which makes possible training and retraining for occupational roles, in an effective manner and at low cost. He may not go out and seek opportunities to learn, but he will take advantage of opportunities brought to him. His home is likely to provide space and facilities for learning.

Technological advances are making possible increased home-learning opportunity through such media as television, audiovideo cassettes, microfilm, and as TV-telephone computer hookup. It is projected that 70 percent of American families will have access to cable TV by 1980. The hardware is there or on the way; there is a dearth of content.

What is proposed here is occupational education in priority areas for the blue-collar worker and his family via a television mode.

CAREER EDUCATION DEMONSTRATION PROJECTS

Mr. Conte. You are asking for $14 million for career education installation-demonstration projects. How many of these projects will there be?

Dr. Pierce. It is anticipated that there will be eight career education installation-demonstrations sites supported in fiscal year 1974.

1. Two entire State, multiagency efforts producing the major education policy and institutional changes required to achieve the systematic educational reform inherent in comprehensive career education; and,

2. Six consortia of local education agencies or individual local educational agencies, including contiguous institutions and programs of postsecondary, higher, and continuing education.

Mr. Conte. How much of the $14 million will go to the development of a dissemination strategy for the information gathered during this project?

Dr. Pierce. Approximately $1.5 million is scheduled for the development and implementation of a career education installation support system which will include the location, identification, acquisition, description, classification, packaging, and dissemination of practitioner oriented career education materials and processes.

FUNCTIONAL ILLITERACY

Mr. Conte. You state that the grants to States which are designed to combat functional illiteracy are to go under educational revenue sharing. Will the States be able to better meet the problem of dealing with the problems of these 69 million people?

Dr. Pierce. Under the present funding approach, the States have a specific allocation which can only be spent for adult education. Under revenue sharing, we expect that the States will be able to discern, based on their own assessments, the amount of funds which should be spent in a specific category. In that case, States which have a priority for adult education could very well direct additional funds for adult education programs.

Mr. Conte. Will the educational revenue sharing be directed to involving more of the business community in meeting the problem of functional illiteracy?

Dr. Pierce. Presumably, this will be left to the discretion of the individual States depending on the priority given to adult education. Such activities have been encouraged and supported in the past. We expect this to continue and where appropriate expand.

Mr. Conte. On page 208 you state that the effective administration practices and instructional techniques resulting from the special projects will be incorporated in the State grant adult illiteracy program. Yet, this latter program is slated for inclusion in educational revenue sharing. If this is true, how will this incorporation take place?

Dr. Pierce. We are assuming that the States will consider adult literacy education a priority under revenue sharing and therefore be willing to devote at least the same resources as under the categorical approach. Therefore the States will require innovative instructional techniques and effective administrative practices resulting from national adult education special experimental demonstration projects. The U.S. Office of Education will direct additional effort toward the dissemination and installation of effective findings into State and local adult literacy programs.

ADULT EDUCATION TRAINING

Mr. Conte. On pages 209–210, you indicate that plans will be made to develop financial arrangements between State governments and the sponsors so that the teacher training system can be institutionalized without Federal funds. How do you think this can be done?

Dr. Pierce. This question refers to the adult education regional staff development models. This particular training design was based on a 3-year pilot effort in region 4. As it worked well there, a decision was made to offer this model to the other nine regions. It was designed to develop a training resource jointly funded from Federal, State, university, and local resources that would be responsive to State and regional training needs for adult education manpower. After USOE funding for a 3-year period, the region 4 experience indicated that State and local educational agencies could sustain the system from local resources without direct Federal support. We believe that such a permanent training delivery system can be built nationwide provided the commitment to adult education under revenue sharing remains the same or higher as under the categorical approach.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Amounts Available for Obligation

	1973 Revised	1974
Appropriation (Annual)	$540,127,000	$ 45,000,000
Appropriation (Permanent)	7,161,455	---
Comparative transfer from:		
"Educational development"	10,000,000	---
Subtotal, budget authority	557,288,455	45,000,000
Unobligated balance, start of year	5,741,917	---
Total, obligations	563,030,372	45,000,000

Obligations by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
	Grants to States for vocational education programs:			
192	(a) Basic vocational education programs:			
	(1) Annual	$376,682,000	$ ---	$-376,682,000
	(2) Permanent	7,161,455	---	-7,161,455
	(3) National advisory council.	330,000	---	-330,000
	Subtotal	384,173,455	---	-384,173,455
194	(b) Programs for students with special needs	20,000,000	---	-20,000,000
195	(c) Consumer and homemaking education	25,625,000	---	-25,625,000
196	(d) Work-study	6,000,000	---	-6,000,000
197	(e) Cooperative education	19,500,000	---	-19,500,000
198	(f) State advisory councils	2,690,000	---	-2,690,000
	Subtotal	457,988,455	---	-457,988,455
	Vocational research:			
199	(a) Innovation	21,741,917	8,000,000	-13,741,917
202	(b) Curriculum development	4,000,000	4,000,000	---
204	(c) Research	18,000,000	9,000,000	-9,000,000
	Subtotal	43,741,917	21,000,000	-22,741,917
206	Career education	---	14,000,000	+14,000,000
	Adult education:			
207	(a) Grants to States	51,300,000	---	-51,300,000
208	(b) Special projects	7,000,000	7,000,000	---
209	(c) Teacher training	3,000,000	3,000,000	---
	Subtotal	61,300,000	10,000,000	-51,300,000
Total obligations		563,030,372	45,000,000	-518,030,372

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Other services	$ 1,491,000	$ 10,295,000	$ +802,000
Grants, subsidies, and contributions	561,539,372	34,705,000	-518,832,372
Total obligations by object	563,030,372	45,000,000	-518,030,372

Summary of Changes

1973 Estimated obligations	$563,030,372
1974 Estimated obligations	45,000,000
Net change	-518,030,372

	Base	Change from Base
Increases:		
A. Program:		
1. Career education	$ ---	$ 14,000,000
Total, increases	---	14,000,000
Decreases:		
A. Program:		
1. Grants to States for vocational education programs:		
(a) Basic vocational education programs:		
(1) Annual	376,682,000	-376,682,000
(2) Permanent	7,161,455	-7,161,455
(3) National advisory council	330,000	-330,000
Subtotal	384,173,455	-384,173,455
(b) Programs for students with special needs	20,000,000	-20,000,000
(c) Consumer and homemaking education	25,625,000	-25,625,000
(d) Work-study	6,000,000	-6,000,000
(e) Cooperative education	19,500,000	-19,500,000
(f) State advisory councils	2,690,000	-2,690,000
Subtotal	457,988,455	-457,988,455
2. Vocational research:		
(a) Innovation	21,741,917	-13,741,917
(b) Curriculum development	4,000,000	---
(c) Research	18,000,000	-9,000,000
Subtotal	43,741,917	-22,741,917
3. Adult education:		
(a) Grants to States	51,300,000	-51,300,000
(b) Special projects	7,000,000	---
(c) Teacher training	3,000,000	---
Subtotal	61,300,000	-51,300,000
Total, decreases	---	-532,030,372
Total, net change	---	-518,030,372

Explanation of Changes

Increases:

The increase of $14,000,000 will provide for the initiation of a small number of career education installation-demonstration projects.

Decreases:

Decreases are shown in the amount of $532,030,372. Continuing Federal interest in vocational education will be reflected under the special education revenue sharing proposal. Although the request for the discretionary portion of Innovation remains the same, obligations will be reduced by $5,741,917, the amount of carry-over funds from prior years available in fiscal year 1973.

Authorizing Legislation

Legislation	1974 Authorized	1974 Appropriation requested
Adult Education Act:		
Section 309 -- Special experimental demonstration projects and teacher training..........	$ 1/	$ 10,000,000
Cooperative Research Act..........................	68,000,000	35,000,000 2/

1/ Authorization expires June 30, 1973; extension legislation is proposed.

2/ An additional $29,900,000 is requested under this authority in the Educational Development appropriation account.

COOPERATIVE RESEARCH ACT

> Sec.2. (a)(1). In order to assist the Commissioner in carrying out the purpose and duties of the Office of Education, the Commissioner is authorized, during the period beginning July 1, 1972, and ending June 30, 1976, to make grants to, and contracts with, public and private institutions, agencies, and organizations for the dissemination of information, for surveys, for exemplary projects in the field of education, and for the conduct of studies related to the management of the Office of Education, except that no such grant may be made to a private agency, organization, or institution other than a nonprofit one.
>
> Sec.3. There are authorized to be appropriated for the purposes of section 2, $58,000,000 for the fiscal year ending June 30, 1973, $68,000,000 for the fiscal year ending June 30, 1974, and $78,000,000 for the fiscal year ending June 30, 1975.

Explanation of Transfers

	1973 Estimate	Purpose
Comparative transfer from:		
Educational development	$ 10,000,000	Adult education teacher training and special projects programs were transferred from the appropriation Educational development. This transfer was made since these programs are administered in the Bureau of Occupational and Adult Education.

Occupational, Vocational, and Adult Education

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$ 49,756,000	$ 49,756,000	$ 49,756,000	$ 49,756,000
1965	173,296,000	173,296,000	173,296,000	191,908,000 1/
1966	252,491,000	227,491,000	252,491,000	272,180,000 1/
1967	237,491,000	280,241,000	291,691,000	297,416,000
1968	320,600,000	303,100,000	303,100,000	310,406,000 2/
1969	315,000,000	304,766,000	304,766,000	304,591,000
1970	327,316,000	538,816,000	538,816,000	418,146,000
1971	439,046,000	489,546,000	493,456,000	493,296,000
1972	468,012,000	557,142,000	601,512,000	568,127,000
1973	566,127,000			
1973 Budget Amendment	-16,000,000			
1974	45,000,000			

1/ Appropriated amount includes adult education which was transferred from the Office of Economic Opportunity.

2/ Appropriated amount includes work-study which was transferred from the Office of Economic Opportunity.

NOTE: Amounts for 1964 through 1973 reflect comparability with the 1974 estimate.

Justification

Occupational, Vocational and Adult Education

	1973 Estimate	1974 Estimate	Increase or Decrease
1. Grants to States for vocational education:			
(a) Basic vocational education programs	$384,173,455	$ ---	$-384,173,455
(b) Programs for students with special needs	20,000,000	---	- 20,000,000
(c) Consumer and homemaking	25,625,000	---	- 25,625,000
(d) Work study	6,000,000	---	- 6,000,000
(e) Cooperative education	19,500,000	---	- 19,500,000
(f) State advisory councils	2,690,000	---	- 2,690,000
2. Vocational research:			
(a) Innovation	21,741,917	8,000,000	- 13,741,917
(b) Curriculum development	4,000,000	4,000,000	---
(c) Research - Grants to States	18,000,000	9,000,000	- 9,000,000
3. Career education	---	14,000,000	+ 14,000,000
4. Adult education:			
(a) Grants to States	51,300,000	---	- 51,300,000
(b) Special projects	7,000,000	7,000,000	---
(c) Teacher Training	3,000,000	3,000,000	---
Total	563,030,372	45,000,000	-518,030,372

General Statement

Beginning in fiscal year 1974, the State grant programs previously funded under the vocational and adult authorities will be absorbed by the new special education revenue sharing proposal to be transmitted to the Congress. Under special education revenue sharing, States and localities will have greater flexibility in the use of education funds and will be able to continue projects and programs such as those previously budgeted for separately under this appropriation.

Support for fiscal year 1974, in the amount of $45,000,000 for adult education special projects and teacher training activities, vocational education curriculum development, career education, and the Commissioner's discretionary portion of the vocational innovation and research programs will remain under this appropriation.

A total of $14,000,000 is programmed for demonstrating the effectiveness of career education. The requests for the discretionary parts of the vocational research and innovation programs, curriculum development and adult education special projects and teacher training activities, totaling $31,000,000, also reflect various aspects of the career education effort. Career education stresses the importance of being able to re-enter education for additional training at different points in a person's life. These efforts will undergird career education activities included in other Office of Education programs as well as programs in the National Institute of Education.

	1973 Estimate	1974 Estimate	Increase or Decrease
Basic vocational education programs:			
Annual	$376,682,000	---	$ -376,682,000
Permanent	7,161,455	---	- 7,161,455
National advisory council	330,000	---	- 330,000
Total	$384,173,455	---	-384,173,455

Narrative

Part B of the Vocational Education Act of 1963, as amended, authorizes formula grants to the States to assist in maintaining, extending, and improving existing vocational education programs and in developing new programs for persons of all ages with the objective of insuring that education and training for career vocations are available to all individuals who desire and need such education and training for gainful employment. Funds may be used for: State and local administrative personnel,institutional support, counselors, training of teachers, construction of facilities, purchase of training materials and equipment, development of curricula, research, and evaluation. Funds are also made available for the support of a National Advisory Council.

Accomplishments in fiscal years 1972/1973

Stress was placed on career education and the adult education phases of vocational and technical education. Efforts were expanded to meet the needs of the disadvantaged and handicapped with emphasis on paraprofessional training. An estimated 8,062,000 students were enrolled in basic vocational education programs in 1972 with secondary enrollments reaching 4,477,000; post-secondary at 1,185,000; and 2,400,000 adults benefitting. A total of 304 new or remodeled construction projects were initiated. An estimated 8,808,000 students were enrolled in basic vocational education programs in 1973, with secondary enrollments reaching 4,808,000; post-secondary at 1,450,000; and 2,550,000 adults benefitting. Secondary enrollments made the most significant growth with an enrollment of 3,829,000 regular, 800,000 disadvantaged and 179,000 handicapped students. Post-secondary enrollments included 1,210,000 regular, 155,000 disadvantaged, and 85,000 handicapped students. Growth was credited to expanded resources, many new facilities and the promotional programs sponsored by the National Industrial Conference Board, the Advertising Council and the Office of Education emphasis on new careers. Adult programs reached an estimated enrollment of 2,373,000 regular, 135,000 disdavantaged and 42,000 handicapped students. Three hundred and four remodeled and new institutions will be completed or constructed across the country. The Appalachian Regional Commission (ARC), in cooperation with State Vocational and Technical Education programs, initiated 100 of these projects. The ARC also contributed to the support of 50 demonstration and operation grants in vocational education.

Plans for fiscal year 1974:

In fiscal year 1974, this activity will be absorbed by the new special education revenue sharing proposal to be transmitted to the Congress.

Program Statistical Data:

	1972 Actual	1973 Estimate
Student enrollments		
Basic vocational education programs:		
Secondary	$ 4,477,000	$ 4,808,000
Postsecondary	1,185,000	1,450,000
Adult	2,400,000	2,550,000
Special programs included above for:		
(Disadvantaged students)	(988,000)	(1,090,000)
(Handicapped students)	(265,000)	(306,000)

	1973 Estimate	1974 Estimate	Increase or Decrease
Programs for students with special needs..................................	$ 20,000,000	$ ---	$-20,000,000

Narrative

Section 102(b) of the Vocational Education Act of 1963, as amended, provides support for programs and services for persons who are not able to succeed in regular vocational programs because of poor academic background, lack of motivation and depressing environmental factors. Programs are concentrated within the State in areas where there is high youth unemployment and school dropouts. Special services and programs are provided these disadvantaged students to encourage them to stay in school and to acquire the academic and occupational skills needed for successful employment when they leave school or to pursue their career preparation. These funds are in addition to at least 15 percent of each State's allotment of funds available under the Basic Grants to States provided under Section 102(a) of the Act which must be used for this same purpose. Provision of this funding provides the greatest flexibility of operation in serving specialized target groups at the discretion of the States. All persons served through this program are considered to be persons with special needs.

Accomplishments in fiscal years 1972/1973

An estimated 217,000 students were reached in fiscal year 1972 and 1973, a substantial increase over the projected enrollment for this period. More efficient reporting has resulted in a more accurate count of students actually served. Emphasis is being placed on serving each individual student requiring special assistance to overcome handicaps. Efforts are being made to integrate these students into the regular vocational education programs. Staff training workshops and institutes help to sensitize all faculty to the special problems of students which are caused by socioeconomic, cultural, and environmental factors.

Very significant coordinated efforts have been made with other educational and social agency resources to provide, as complete as possible, the total supportive services which a student might need in his vocational education programs such as remedial work, individual scheduling, medical attention, and special counseling.

These funds were concentrated in areas of the States where it was difficult to get local matching or where State institutions were involved, State correctional institutions jointly planned and implemented courses for the inmates. Economically depressed communities, where the students were academically deficient, were enabled to provide much needed occupational training. Mobile units were purchased by the States and sent to both rural and urban areas for short-term intensive skill development programs.

Plans for fiscal year 1974:

In fiscal year 1974, this activity will be absorbed by the new special education revenue sharing proposal to be submitted to Congress.

	1973 Estimate	1974 Estimate	Increase or Decrease
Consumer and homemaking, education......................	$ 25,625,000	$ ---	$-25,625,000

Narrative

Part F of the Vocational Education Act of 1963, as amended, provides grants to States to assist in the establishment of an educational program designed to meet the needs of families in economically depressed areas or areas of high unemployment. Emphasis is placed on programs that aid the consumer in his relationship with the marketplace and programs dealing with the concept of credit, including how to understand contracts, warranties, or guarantees; how to use Federally donated foods or buying with food stamps; and the use of supermarkets, credit unions, and banks. Youth in secondary schools, young adults in postsecondary schools, and older adults, including the elderly, throughout the Nation are served with these programs.

States must use at least one-third of the Federal funds allotted in economially depressed areas or areas with high rates of unemployment.

Accomplishments in fiscal years 1972/1973

In fiscal year 1972, an estimated 3,320,000 youth and adults were enrolled in consumer and homemaking education programs.

Total enrollment in fiscal year 1973 totalled 3,435,000. There has been an increase of about 50 percent in consumer and homemaking enrollment since the legislation was passed in 1968. In fiscal year 1973 alone, over 500,000 youth gained leadership skills and enriched learnings through membership in the Future Homemakers of America. Post-secondary enrollments increased from 292 to about 35,000 and the number of disadvantaged youth and adults in consumer and homemaking education classes increased from 18,500 to 800,000 over a three-year period. Many of the adults were older Americans with limited income. Many Indian, migrant, Spanish-American, inner-city, and hard-to-reach rural families have been served.

Teacher competencies in all States were improved through institutes, workshops, State and/or district conferences, and regional meetings sponsored by the Office of Education.

Plans for fiscal year 1974

In fiscal year 1974, this activity will be absorbed by the new special education revenue sharing proposal to be submitted to Congress.

	1973 Estimate	1974 Estimate	Increase or Decrease
Work-study.........................	$ 6,000,000	$ ---	$-6,000,000

Narrative

Part H of the Vocational Education Act of 1963, as amended, authorizes grants to States for work-study programs which are designed to assist economically disadvantaged full-time vocational education students, aged 15-20, to remain in school by providing part-time employment with public employers such as hospitals and State and local government agencies. States are required to give preference in funding to schools serving communities with large numbers of youth who have dropped out of school or are unemployed.

Accomplishments in fiscal years 1972/1973

The 1972 appropriation resulted in preventing 30,000 economically disadvantaged vocational education students from dropping out of school. In 1973, 33,000 vocational education students benefitted. There was increased emphasis to reach the economically disadvantaged student and further reduce the number of dropouts and to directly relate to the national goals of career education. A significant contribution to these goals was made by providing financial assistance to these disadvantaged persons while they were preparing for a marketable skill. Approximately 75 percent of the funds were expended in areas with high rates of school dropouts.

Plans for fiscal year 1974

In fiscal year 1974, this activity will be absorbed by the new special education revenue sharing proposal to be submitted to Congress.

	1973 Estimate	1974 Estimate	Increase or Decrease
Cooperative education..................	$ 19,500,000	$ ---	$-19,500,000

Narrative

Part G of the Vocational Education Act of 1963, as amended, supports programs of cooperative education which involve arrangements between schools and employers, enabling students to receive part-time vocational education instruction in the school and on-the-job training through part-time employment. Priority is given to areas where there are high rates of student dropouts and youth unemployment. Students in most cases must be 16 years of age to participate and are paid by the employer, either a statutory minimum wage or a student-learner rate established by Department of Labor regulation. Federal support may cover program operation, including reaching and coordinating personnel, training costs to employers, payment for services or unusual costs to students resulting from their participation, and ancillary services, such as teacher education, supervision, curriculum materials, and evaluation.

Accomplishments in fiscal years 1972/1973:

Enrollment in fiscal year 1972 for cooperative education was 93,000. The fiscal year 1973 enrollment in cooperative education programs is 109,000. This represents an increase of 16,000 over the previous fiscal year. About 80 percent of the funds were estimated to have been expended in areas designated by the States as having high rates of school dropouts and youth unemployment. As one of the vehicles for implementing career education, cooperative vocational education programs continued to expand in specific fields of work, such as marketing and distribution, business and office occupations, and health occupations.

Plans for fiscal year 1974

In fiscal year 1974, this activity will be absorbed by the new special education revenue sharing proposal to be submitted to Congress.

	1973 Estimate	1974 Estimate	Increase or Decrease
State advisory councils.................	$ 2,690,000	$ ---	$ -2,690,000

Narrative

Section 104(b) of the Vocational Education Act of 1963 requires each State to establish a State Advisory Council in order for the State to receive a grant under Title I of the Act.

The State Councils advise the State Boards of Vocational Education on the development and administration of State plans and advise the State agency on occupational education; evaluate vocational education programs, services, and activities; publish and distribute the results of their evaluations; and prepare and submit an evaluation report on the vocational education programs carried out during the year.

Accomplishments in fiscal years 1972/1973

The State Advisory Councils from all 56 States and Territories submitted reports of evaluation efforts of State vocational education programs. The reports, in general, were positive about the record of the State in meeting the objectives of the State plans. All of the Advisory Councils made recommendations to improve the effectiveness of vocational education. The recommendations related to program and curriculum changes, data collection, training of personnel, funding changes, programs for the disadvantaged and handicapped, guidance and counseling, planning efforts, and career development programs.

Plans for fiscal year 1974

In fiscal year 1974, this activity will be absorbed by the new special education revenue sharing proposal to be submitted to Congress.

	1973 Estimate	1974 Estimate	Increase or Decrease
Vocational research - Innovation:			
Budget authority..................	$16,000,000	$ 8,000,000	$ -8,000,000
Obligations.......................	21,741,917	8,000,000	-13,741,917

Narrative

This program provides grants to the States to stimulate and demonstrate new ways to create a bridge between school and earning a living for young people. Programs must be directed to the job preparation needs of those who end their education at or before completion of the secondary level,or who are in postsecondary vocational programs, and for exemplary and innovative programs or projects which are designed to broaden occupational aspirations and opportunities for youths, particularly disadvantaged youths, and to serve as models for use in vocational education programs.

Prior to fiscal year 1974, this program was funded under the authority of Part D of the Vocational Education Act with fifty percent of each State's allotment for use by the State agency and the remaining fifty percent reserved by the Commissioner for project grants and contracts. In fiscal year 1974, the fifty percent discretionary portion will remain in this appropriation under the authority of the Cooperative Research Act while the fifty percent State grant portion will be absorbed by the special education revenue sharing proposal.

Accomplishments in fiscal years 1972/1973

In fiscal year 1972 funds were directed at implementing, in one demonstration site in each State, new techniques associated with the delivery of career education in grades K-14 which have proven to be successful in prior research and development efforts.

In addition, the Office of Education initiated a broad thrust in career education. One feature of this thrust is the School-Based Career Education Model. Most of the concepts in this model had their origin and initial testing in the experience gained during the early years of operation of the vocational exemplary projects. Five of the six school districts selected by the Office of Education for large-scale demonstration of the School-Based Career Education Model, now funded from National Institute of Education research funds, received initial program impetus from either State-administered or Federally-administered funds under Part D of the Vocational Education Act of 1968.

Fiscal year 1973 involved the initiation of a new three-year effort of vocational exemplary projects, directed toward the installation and demonstration of comprehensive career education models. These comprehensive career education models encompass grades K-14,involve unifying the entire school program around the career development theme, feature extensive community,industrial, and business involvement, make heavy use of cooperative education, and stress placement of students in either a job or further education.

During fiscal year 1973, 59 new three-year Federally-administered projects were initiated in the States and territories. There are seven States in which fiscal year 1973 funds were being used to support on-going projects. This new three-year cycle of demonstration activities beginning in fiscal year 1973 involved restructuring of all facets of the educational program toward career development in an articulated K-14 sequence. These efforts will facilitate major institutional reform in the public schools of the United States.

Several projects sponsored under the first three-year cycle will serve as examples:

The Riverton, Wyoming, exemplary project is operating a highly developed career awareness program at the elementray level which reaches all youngsters in the Riverton Public Schools. All teachers have been provided inservice training and are successfully implementing career development activities in their classrooms. At the junior high school, the home economics and industrial arts laboratories are being used to provide exploratory experiences and occupational information about careers. The World of Manufacturing and the World of Construction curricula are being offered. Each ninth grade student is enrolled in a career orientation course. At the senior high school, five completely individualized vocational programs have been implemented. Since each program is individualized, it can accommodate students who are interested in vocational training and those who want additional career exploration prior to entering college. Secondary vocational programs are articulated with programs at Central Wyoming College to provide an individualized sequential grades 10-14 vocational program adapted to each student's interests and career needs.

The Exemplary Project in Louisiana provides career education in grades K-12 in a Model Cities area of the city with a high concentration of disadvantage students. At the elementary level, pupils are provided information about the world of work through their basic curriculums. The middle school program provides specific exploratory courses as well as career information in the academic subjects. At this level over-age students and potential dropouts are identified and provided special courses to help them develop skills in one or more occupational areas. Academic subjects are related to their programs, and the students are involved in intensive guidance and counseling. The senior high school curriculum offerings have been extended to include new occupations and to reach more students. Out-of-school youths are provided the opportunity to enroll in evening vocational education courses operated in cooperation with the Model Cities administration, and they receive intensive guidance and placement services. In summary, this is a comprehensive program affecting all levels of the educational system and attempting to implement proven approaches that help disadvantaged students to succeed in and out of school.

California has a project which focuses on cooperative education for community colleges. The program, Community College Vocational Cooperative Education, is in its third year of operation and is being conducted in five community colleges with coordination being provided by the San Mateo College District. Approximately 4,000 students were enrolled in the cooperative program during the Spring semester of 1972. These plans provide work experience related to college studies and career goals. Alternate semester arrangements allow two students to hold one full-time work station on a year-round basis. The parallel plan allows students to hold part-time jobs with appropriate community college class loads. An evening college new career plan makes special arrangements for students to study programs related to their career goals while being employed on a full-time basis.

One important feature of the California project is its emphasis in providing opportunities in the social services as well as in business and industry. Work stations in municipalities, schools, and social agencies appear in the roster of the college. Work stations in landscape and park design, probation assistant, nursery school aide, and administrative assistant provide imaginative expansion to the previously considered "world of work." Minority students and special programs have also research attention. Change in attitude of minorities toward vocational education is a significant factor. With the rise in status of the "co-op" program and its acceptance by the academic areas of the colleges, it is no longer of a lower status and is being sought by minorities in increasing numbers.

An additional positive element has been the willingness of employers to hire minority employees. The co-op program has encouraged a number of women to enter new careers and to return to the world of work after raising a family. It has helped to remove some of the existing limitations in their employment and to increase their self-esteem. It is evident that the project is moving consistently and effectively toward the originally-stated-objective to develop a comprehensive model for vocational cooperative education in community colleges.

Plans for fiscal year 1974

In fiscal year 1974, the comprehensive career education model projects initiated in 1973 will be in full operation, and attention will be devoted to incorporating into these projects the experience and materials which will be emerging at an increasing rate from the vocational curriculum development efforts from NIE's large-scale school-based career education model, and from other State and Federal research and development efforts in career education. The further development and improvement of these model projects during their second year of operation will require $8,000,000.

The goal is to convert the results of research and development work into actual operational programs in local school districts through the support of exemplary projects in each State. This program relates to the long-range objectives of designing, developing, implementing and demonstrating effective programs for comprehensive career education. It is necessary that the components be assembled, linked into an articulated K-14 system, and brought into actual operation on a demonstration basis in selected school districts in each State, in order to facilitate the diffusion of comprehensive career education programs. There is, therefore, a very close and critical relationship between vocational exemplary programs and the Office of Education's long-range objectives in the career education field.

The $8,000,000 decrease in this program is the amount that is now spent at the States' discretion. In 1974, this amount is being folded into Special Education Revenue Sharing.

	1973 Estimate	1974 Estimate	Increase or Decrease
Vocational Research: Curriculum Development (Cooperative Research Act).....	$ 4,000,000	$ 4,000,000	$ ---

Narrative

The curriculum development program provides for the development, testing, and dissemination of vocational education curriculum materials for use in teaching occupational subjects, including curriculums for new and changing occupational fields and vocational teacher education. It further provides for: developing standards for curriculum development in all occupational fields; coordinating the efforts of the States with respect to curriculum development and management; surveying curriculum materials produced by other agencies; evaluating vocational-technical education curriculum materials; and training personnel in curriculum development. In fiscal year 1974, this program will be carried out under the authority of the Cooperative Research Act.

Accomplishments in fiscal years 1972/1973

In fiscal year 1972, thirty-one projects for curriculum development, coordination, and management were awarded. Seven projects were concerned with curriculum management. Of these, five were directed toward reorienting State curriculum laboratories toward career education and improving their capabilities as curriculum management centers. One project developed a model for acquisition and selection of career education instructional materials and another project was concerned with the training of curriculum development personnel through regional institutes.

Five projects determined the bases for curriculum decisions in vocational-technical education with emphasis on industrial arts and distributive education along with career education for those in correctional institutions and for American Indians.

Eight projects developed occupational education curricula in the areas of agri-business, natural resources, and environmental protection; child care and development; business ownership for the pre-vocational and exploratory level; concrete technology; electro-mechanical technology; bio-medical technology; teacher preparation for the metric system; and recreation and tourism.

Two projects were concerned with the development of career education curricula for grades K-6 and 7-9 and one career awareness project was supported for 3 to 6 years old through a children's TV program. A supporting grant dealt with the objectives, content and evaluation of the TV effort. Another project developed curricula for improving the employability skills of disadvantaged adults.

Four projects were supported for groups with special needs. The needs of Spanish-surnamed populations, American Indians, other disadvantaged groups, the gifted and talented, and students in a college preparatory high school were emphasized. One project was supported in the area of consumer education for the development of curricula. Another project determined the impact of State legislation on the development of consumer education programs.

In fiscal year 1973, a total of twenty-four projects were funded concerned with the following major priority areas: occupational preparation in the selected occupational clusters of distribution, business, and allied health; home-based instruction for blue-collar workers; and State and regional coordination of curriculum. Awards were made to continue curriculum development in transportation, manufacturing construction, communications and media, and public services.

Plans for fiscal year 1974

The major objectives of the curriculum development program in fiscal year 1974 are (a) the development of curricula and instructional materials for students and teachers in specific occupational clusters, (b) the development of curricula for new careers at the postsecondary level in technical education, (c) the development of home-based television programs for blue-collar workers, and (d) the support of creative projects of national significance that are submitted from the field.

Approximately, one and a half million dollars will be allocated to fund six projects to develop curricula and materials for students and teachers directed toward the development of specific occupations within an occupational cluster framework. Curricula will be developed in the personal services education area, in the industrial arts area as it relates to vocational and career education, and in the marine science area, and materials will be developed for teachers who work with gifted and talented students in a variety of occupational areas.

Approximately one million dollars will be allocated to fund four projects to support developing curricula and materials for new careers at the post-secondary level in technical education. Funding of the nuclear-medical, bio-medical equipment, and laser-optical postsecondary technical education curricula will be continued. New projects within one or more of the occupational clusters will be started.

Approximately one-half million dollars will be allocated to fund two projects to adapt and develop adult level materials for use with a home-based television series. These materials will be designed to train and upgrade the blue-collar worker's skills and knowledge for the world of work.

Approximately one million dollars will be allocated to support ten creative projects initiated from the field in five to ten areas of national significance and need. These creative projects will produce products that are on the cutting edge of curriculum research and development within the occupational clusters.

	1973 Estimate	1974 Estimate	Increase or Decrease
Vocational Research:			
Research (Cooperative Research Act).....	$18,000,000	$9,000,000	$-9,000,000

Narrative

This program authorizes grants and contracts for research in areas of vocational education; for training programs to familiarize personnel with research results and products; developmental, experimental, or pilot programs designed to meet the special vocational needs of youths, especially disadvantaged youths; and dissemination projects.

Prior to fiscal year 1974, this program was funded under the authority of Part C of the Vocational Education Act with fifty percent of each State's allotment for use by the State agency and the remaining fifty percent reserved by the Commissioner for project grants and contracts. In fiscal year 1974, the fifty percent discretionary portion will remain in this appropriation under the authority of the Cooperative Research Act while the fifty percent State grant portion will be absorbed by the special education revenue sharing proposal.

Accomplishments in fiscal years 1972/1973

In fiscal year 1972, funds enabled each State to establish a demonstration, testing, and development site for career education model programs. Each of these projects represented a concentrated and focused effort, involving a strong career guidance and counseling program and including components such as career awareness programs for elementary students, career exploration and orientation programs for junior high students, programs to provide a wide variety of job preparation opportunities for students in grades 10-14, and placement services to assist in placing all exiting students either into a job or further education.

In fiscal year 1973, funds enabled States to continue with the development, testing, and demonstration of career education model programs, to engage in adaptive curriculum development for tailoring to their own conditions the curriculum materials emerging from various Federal and State career education efforts, and to begin the diffusion of tested career education components to other school districts.

Plans for fiscal year 1974

The objectives for fiscal year 1974 include support of 94 projects which will focus efforts to undergird other vocational research programs as part of a total vocational research strategy, and to develop and test models. More specifically, the funds will be used in the following fashion:

> Approximately one million dollars will be used to support about 20 decision-oriented studies for needs assessment and feasibility in planning for new curriculums and demonstrations.
>
> Approximately two million dollars will be allocated to support about 40 projects to study the installation process in an effort to build a knowledge and information base concerning installation practices and to determine more efficient ways of building and operating comprehensive installation systems.

Approximately one million dollars will be allocated to support about 20 applied research and decision-oriented studies to produce management, administration, and planning information needed in the broad area of vocational, occupational, and career education. This information is needed in order to improve the efficiency of the total field.

Approximately two million dollars will be allocated to support the development and or modification and testing of about five comprehensive guidance, counseling, placement, and follow-up systems for vocational, occupational, and career education programs.

Approximately one million dollars will be allocated to support the development or modification of four tested or automated and comprehensive management models for use in schools in order to substantially improve management information and the efficiency of management of vocational, occupational, and career education programs.

Approximately two million dollars will be allocated to support the development and field testing of about five models for widespread installation of curriculum products and programs.

The $9,000,000 previously spent at the States' discretion will be folded into Special Education Revenue Sharing in fiscal year 1974.

	1973 Estimate	1974 Estimate	Increase or Decrease
Career Education Installation and Demonstration (Cooperative Research Act)......	---	$14,000,000	$+14,000,000

Narrative

The purpose of this activity is to install and demonstrate Career Education programs. The objective of Career Education is to successfully prepare all students to more effectively earn a living through: 1) making education more meaningful and relevant to the aspirations of students; 2) improving the basis for career choice; 3) increasing the options and choices individuals have among careers and the training avenues to them; and 4) facilitating the acquisition and transfer of occupational skills. Career Education seeks to make the entire curriculum more meaningful. It embraces all occupations and professions, both their respective technical skills and their associated knowledge and attitudes.

Plans for fiscal year 1974

During fiscal year 1974, there will be a small number of career education installation-demonstration projects initiated. These may range from State-wide demonstrations to smaller regional projects. The purpose of the projects will be to demonstrate the feasibility of implementing career education through different regional, governmental arrangements. These projects will build upon the base of knowledge coming from other career education activities in the Office of Education as well as the research and development efforts in the National Institute of Education. Plans for the installation effort will be developed, evaluated, and where merited, implemented with fiscal year 1974 funding. In addition, in coordination with the National Institute of Education, a dissemination strategy will be planned and implemented aimed at identifying, classifying, packaging, assessing, and distributing the effective and transportable elements of the installation-demonstration projects, other Office of Education career education projects, and the National Institute of Education model development projects.

	1973	1974	Increase or Decrease
Adult Education:			
(a) Grants to States............	$ 51,300,000	$ ---	$-51,300,000

Narrative

Grants are made to the States for the purpose of eliminating functional illiteracy among the Nation's adults by expanding educational opportunities and encouraging programs that will enable adults 16 years and older to continue their education to enable them to become more employable, productive, and responsible citizens. The program is directed toward the more than 69,000,000 adults, 16 years of age and older, who lack a twelfth grade level of education. The main objective is to provide programs which teach communication, computational, and social living skills to educationally disadvantaged adults and enable them to overcome the barriers to meaningful employment and social growth. Funds are also made available for the support of the National Advisory Committee on Adult Education.

Accomplishments in Fiscal Years 1972/1973:

About 691,000 adult students were enrolled in adult education programs throughout the country. Of these, 552,800 were in the priority age group of 18-44 with less than an eighth grade level of education. Approximately 103,740 of the total enrollment completed the eighth grade.

Plans for Fiscal Year 1974:

In fiscal year 1974, this activity will be absorbed by the new special education revenue sharing proposal to be submitted to the Congress.

	1973 Estimate	1974 Estimate	Increase or Decrease
Adult Education:			
Special Projects..............	$ 7,000,000	$7,000,000	---
New grants..................	(4,600,000)	(4,600,000)	
Continuations...............	(2,400,000)	(2,400,000)	

Narrative

Section 309 of the Adult Education Act authorizes grants to local education agencies or other public or private nonprofit agencies, including educational television stations, for special demonstration projects which involve the use of innovative methods, systems, and materials in the development of adult education programs. These projects are designed to establish adult education models which will enable persons with less than a 12th grade level of education to become literate. Projects are carried out in cooperation with other Federal, federally assisted, State, or local programs. These projects should show unusual promise of having national significance in promoting a comprehensive or coordinated approach to the problems of persons with educational deficiencies.

The authorization for this program expires June 30, 1973. Legislation to extend authorization will be submitted. In the event the legislation is not enacted, funding for fiscal year 1974 is authorized by section 413(c) of the General Education Provisions Act.

Accomplishments in fiscal years 1972/1973

In fiscal year 1972, 58 projects were funded of which 22 were continuations. These projects were directed toward clientele with special needs (handicapped and culturally and geographically isolated) and designed to teach adult practical literacy skills; to meet practical goals through adult basic education instruction (Career Education); and to meet uniquely adult instructional needs (Right to Read and Model Cities).

Forty grants were awarded in fiscal year 1973, of which twelve were continuations. These projects are comprehensive efforts which address the following adult education needs and curriculum areas: Indian adult education models, exemplary programs for educationally disadvantaged parents, and adoption and diffusion of adult education information and materials.

Plans for fiscal year 1974

In fiscal year 1974, forty demonstration grants will be awarded which will be aimed at reducing adult illiteracy. These grants will provide for innovative communication and computational adult education models. Effective administrative practices and instructional techniques resulting from these grants will be incorporated into the State grant adult literacy program.

Twelve of the forty grants will continue efforts from fiscal year 1973 and will include dissemination and utilization delivery systems and the adult practical literacy project which will develop literacy definitions for utilization in standardized measuring instruments. The testing measurements and definitions will assist in the development of instructional materials written at a level to accommodate illiterate adults. The materials will be developed in the context of practical literacy skills required by our industrial society.

The 28 new projects will focus on the educational design, model testing in selected geographic areas, and the identification of curriculum components to determine maximum impact and services for illiterate adults, including innovative recruitment and retention techniques.

	1973 Estimate	1974 Estimate	Increase or Decrease
Adult Education:			
Teacher Training..................	$ 3,000,000	$ 3,000,000	---
New grants......................	(500,000)	(500,000)	
Continuations...................	(2,500,000)	(2,500,000)	

Narrative

Section 309 of the Adult Education Act authorizes grants to institutions of higher education, State or local educational agencies, or other public or private nonprofit agencies to promote and coordinate the training of personnel who work or are preparing to work in adult education. The primary purpose of teacher training projects is to develop resources for increasing the scope and effectiveness of adult education as part of the States' adult education programs.

The authorization for this program expires June 30, 1973. Legislation to extend authorization will be submitted. In the event the legislation is not enacted, funding for fiscal year 1974 is authorized by section 413(c) of the General Education Provisions Act.

Accomplishments in fiscal years 1972/1973

After a three-year successful effort of funding a regional staff development model in Region IV, the same strategy was adopted in the other [illegible] fiscal year 1972. During this first phase of the staff development model, State agencies and institutions of higher education developed a plan to institutionalize an adult training system within each State to meet the personnel training needs of of the undereducated adults in those States. The plan included training designs for counselors, para-professionals, administrators, and volunteers. A regional training needs assessment was made in each State and a regional plan was agreed upon through cooperative arrangements among the various State agencies and the institutions of higher education. This plan included provision for supplemental funding after the system became operational.

Phase II of the regional staff development programs was funded in fiscal year 1973. During this second year of the project, the training designs were implemented. This involved the establishment of a graduate department of adult education at one or more universities in each State. Regional planning meetings were held at least quarterly to determine the extent that the training met the needs of the trainees and consequently increasing classroom performance and student achievement gains. Developing minority leadership personnel was an important component of the second phase of the staff development models.

During each fiscal year 1972 and 1973, six other national training institutes were funded. These institutes provided training for adult education personnel in planning and evaluation career-based adult basic education programs in correctional institutions, for Indian Tribal leadership, for programs to teach deaf adults, to assess national training needs and formulate priorities, to teach English as a second language, for training institutes for adult education future planners, for curriculum supervisors, and for a regional approach to diffusion and adoption of adult education information.

Plans for fiscal year 1974

Of the proposed $3,000,000 allocated for teacher training projects in fiscal year 1974, $2,500,000 has been earmarked for the final phase of Federal funding of the nine regional adult education staff development programs. During this phase, extensive effort will be devoted to evaluation of the training programs to assure that the training is responsive to State and local needs. In addition, plans will be made to develop financial arrangements between State governments and the sponsors of the training in order to institutionalize the system without Federal funds. It is expected that training opportunities will be offered to approximately 20,000 individuals through these regional staff development programs.

The $500,000 in new grants will support five national institutes in cooperation with participating institutions of higher education. These institutes will focus on meeting national training needs and will provide specialized personnel training for the regional models. Training opportunities will be available for approximately 450 individuals in national institutes.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Grants to States for vocational education

(a) Basic vocational education programs (VEA, Part B)

		1974	
	1973	Authorization	Budget Estimate
Annual....	$376,682,000	$504,000,000	$ ---
Permanent.	7,161,455	7,161,455	---

Purpose: Authorizes grants to assist States in maintaining, extending, and improving existing vocational education programs and to develop new programs in vocational education.

Explanation: Matching grants are made to the States on a formula basis for vocational education programs, including the construction and remodeling of facilities. Forty percent of each State's allotment must be set-aside for specific purposes: (1) 15 percent for disadvantaged; (2) 10 percent for handicapped; and (3) 15 percent for post-secondary programs. State-wide matching is required on a dollar-for-dollar basis.

Accomplishments in 1973: An estimated 8,808,000 students were enrolled in basic vocational education programs in 1973 with secondary enrollments reaching 4,808,000; post-secondary at 1,450,000; and 2,550,000 adults benefitting. A total of 304 new or remodeled construction projects were initiated.

Objectives for 1974: In 1974, this activity is being consolidated under the Special Education Revenue Sharing proposal.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Grants to States for vocational education

(b) Programs for students with special needs (VEA, Section 102(b))

	1974	
1973	Authorization	Budget Estimate
$ 20,000,000	$ 60,000,000	$ ---

Purpose: Provides grant support for programs for persons who have academic, socioeconomic, or other handicaps that prevent them from succeeding in the regular vocational education programs.

Explanation: Formula grants are made to the States based on population by age groups and per capita income. No matching is required.

Accomplishments in 1973: In fiscal year 1973, 167,000 disadvantaged students were provided special services to help them succeed in their career preparation.

Objectives for 1974: In 1974, this activity is being consolidated under the Special Education Revenue Sharing proposal.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Grants to States for vocational education

(c) Consumer and homemaking education (VEA, Part F)

	1974	
1973	Authorization	Budget Estimate
$ 25,625,000	$ 50,000,000	$ ---

Purpose: To meet the need of today's families, especially those in economically depressed areas. Emphasis is placed on programs that aid these people in their relationship with the marketplace; programs dealing with concepts of credit; how to understand contracts, warranties, or guarantees; use of Federally donated foods or buying with food stamps; the use of supermarkets, credit unions and banks.

Explanation: Formula grants are made to the States for programs in consumer and homemaking education. States must use at least one-third of the Federal funds allotted in economically depressed areas or areas with high rates of unemployment. Fifty percent matching is required except in economically depressed areas or areas with high rates of unemployment where matching is 90 percent Federal - 10 percent matching.

Accomplishments in 1973: In fiscal year 1973, an estimated 3,435,000 youth and adults were enrolled in consumer and homemaking education programs. This is an increase of 115,000 enrollees over the 1972 level.

Objectives for 1974: In 1974, this activity is being consolidated under the Special Education Revenue Sharing proposal.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Grants to States for vocational education

(d) Work-study (VEA, Part H)

1973	1974 Authorization	1974 Budget Estimate
$ 6,000,000	$ 55,000,000	$ ---

Purpose: Supports State projects that help young people ages 15-20 begin or continue vocational training by providing them with part-time employment to pay educational costs.

Explanation: Formula grants are made to the States for the development and administration of the program and for compensation of students by the local educational agency or other public agencies or institutions. Federal funds may be used to pay 80 percent of the States' expenditures.

Accomplishments in 1973: The 1973 appropriation resulted in preventing 33,000 economically disadvantaged vocational education students from dropping out of school.

Objectives for 1974: In 1974, this activity is being consolidated under the Special Education Revenue Sharing proposal.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Grants to States for vocational education

(e) Cooperative education (VEA, Part G)

	1974	
1973	Authorization	Budget Estimate
$ 19,500,000	$ 75,000,000	$ ---

Purpose: Supports cooperative education programs which combine work experience with formal education. Funds are used for supervisory and other costs of instruction. Local school districts arrange with private industry or public agencies for employment related to student vocational objectives; employers pay wages equal to the value of work produced.

Explanation: Formula grants are made to the States for financial assistance for personnel to coordinate cooperative programs; to provide instruction related to work experience; to reimburse employers for certain costs; and to pay costs for certain services to students. No Federal funds are paid directly to the students for their work. Compensation due them for their period of on-the-job training is paid by the employer. Federal funds may be used for all or part of a State's expenditure for programs authorized and approved under this part.

Accomplishments in 1973: The fiscal year 1973 enrollment for cooperative education was 109,000. About 75 percent of the funds were expended in areas designated by the States as having high rates of school dropouts and youth unemployment.

Objectives for 1974: In 1974, this activity is being consolidated under the Special Education Revenue Sharing proposal.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Grants to States for vocational education

(f) State Advisory Councils (VEA, section 104(b))

	1974	
1973	Authorization	Budget Estimate
$2,690,000	Indefinite	---

Purpose: To advise State Boards of Vocational Education on the administration of State plans; evaluate vocational education programs, services, and activities; and prepare and submit an evaluation report on the vocational education programs carried out during the year.

Explanation: Section 104(b) of the Vocational Education Act of 1963 requires each State to establish a State Advisory Council in order for the State to receive a grant under Title I of the Act. The State Councils must be established prior to the beginning of the fiscal year in which the State plans to participate in Federal vocational education programs.

Accomplishments in 1973: In fiscal year 1973, the State Advisory Councils from all 56 States and territories submitted reports of evaluation efforts of State vocational education programs.

Objectives for 1974: This activity will be absorbed by the new special education revenue sharing proposal to be transmitted to the Congress in fiscal year 1974.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Vocational Research:

(a) Innovation (Cooperative Research Act)

	1974	
1973	Authorization	Budget Estimate
$ 16,000,000	$ 1/	$ 8,000,000

1/ Authorized under the Cooperative Research Act which has a total authorization of $68,000,000 for fiscal year 1974.

Purpose: To develop, establish, and operate exemplary and innovative occupational education programs or projects designed to serve as models for use in vocational education programs.

Explanation: Prior to fiscal year 1974, grants were awarded on a formula basis under Part D of the Vocational Education Act of which 50 percent was for use by the State agency and 50 percent was for direct grants by the Commissioner of Education. In fiscal year 1974, the 50 percent previously funded for use by the State agency is included in the special revenue sharing proposal to be submitted to Congress. The $8,000,000 requested herein represents the remaining 50 percent which is proposed to be funded under the Cooperative Research Act which authorizes the Commissioner of Education to make grants to universities and colleges and other public or private agencies, institutions, and organizations and to individuals, for research surveys, and demonstrations in the field of education; for dissemination of information derived from educational research; and, to assist the designated organizations in providing training in research in the field of education.

Accomplishments in 1973: In fiscal year 1973, 59 projects were initiated under the Commissioner's funding authority. These projects represent a new three-year cycle of demonstration activities involving a restructuring of all facets of the educational program toward career development in an articulated K-14 sequence. These efforts will facilitate major institutional reform in the public schools in the United States.

Objectives for 1974: The 59 comprehensive career education model projects funded by the Commissioner in fiscal year 1973 will be in full operation in fiscal year 1974 during which time, attention will be devoted to incorporating in these projects the results of other vocational research programs. The $8,000,000 previously funded for use by the State agency is included in Special Education Revenue Sharing.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Vocational Research

(b) Curriculum Development (Cooperative Research Act)

	1974	
1973	Authorization	Budget Estimate
$ 4,000,000	1/	$ 4,000,000

1/ Authorized under the Cooperative Research Act which has a total authorization of $68,000,000 for fiscal year 1974.

Purpose: To develop curricula for new and changing occupations. Projects include printing and dissemination of guides, development of special curriculum and instructional materials for the handicapped and disadvantaged, development of supportive teacher and student materials, preparation of teaching aides for existing curricula and training teachers in effective uses of new curriculum materials.

Explanation: Project grants are made to colleges and universities, State boards, and other public and nonprofit private agencies, institutions and organizations for the development of program planning guides for the States and to support the development of models for the evaluation of vocational and technical education.

Accomplishments in 1973: In fiscal year 1973, 24 projects were funded for curriculum development activities.

Objectives for 1974: The estimate for 1974 provides for 22 projects.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Vocational research

(c) Research - (Cooperative Research Act)

	1974	
1973	Authorization	Budget Estimate
$ 18,000,000	1/	$ 9,000,000

1/ Authorized under the Cooperative Research Act which has a total authorization of $68,000,000 for fiscal year 1974.

Purpose: Supports activities of State research coordinating units and other agencies and institutions in the development of programs and projects designed to meet the research needs of vocational education.

Explanation: Prior to fiscal year 1974, grants were awarded on a formula basis under Part C of the Vocational Education Act of which 50 percent was for use by the State agency and 50 percent was for direct grants by the Commissioner of Education. In fiscal year 1974, 50 percent previously funded for use by the State agency is included in the special revenue sharing proposal to be submitted to Congress. The $9,000,000 requested herein represents the remaining 50 percent which is proposed to be funded under the Cooperative Research Act which authorizes the Commissioner of Education to make grants to universities and colleges, and other public or private agencies, institutions, and organizations and to individuals, for research, surveys, and demonstrations in the field of education; for dissemination of information derived from educational research; and, to assist the designated organizations in providing training in research and in the field of education.

Accomplishments in 1973: In fiscal year 1973, 56 projects were supported under the Commissioner's funding authority and 130 projects under the State agencies authority for a total of 186 projects.

Objectives for 1974: The estimate for 1974 includes 94 projects to support focused efforts to undergird other vocational research programs and to develop and test models. The $9,000,000 previously used by the States is being folded into Special Education Revenue Sharing.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Career Education - Installation and Demonstration

	1974	
1973	Authorization	Budget Estimate
$ —	$ 1/	$ 14,000,000

1/ Authorized under the Cooperative Research Act which has a total authorization of $68,000,000 for fiscal year 1974.

Purpose: Funds are provided to install and demonstrate career education programs directed toward systematic reform of the structure of the educational enterprise so that students can be more successfully prepared to earn a living upon completion of secondary school.

Explanation: The Cooperative Research Act authorizes the Commissioner of Education to make grants to universities and colleges and other public or private agencies, institutions, and organizations and to individuals, for research surveys, and demonstrations in the field of education; for dissemination of information derived from educational research; and, to assist the designated organizations in providing training in research in the field of education.

Accomplishments in 1973: No funds were provided for this activity in fiscal year 1973.

Objectives for 1974: During fiscal year 1974, contracts or grants will be awarded to initiate a small number of career education installation-demonstration projects. In coordination with the National Institute of Education, a dissemination strategy will be planned and implemented.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Adult Education - Grants to States (Adult Education Act)

	1974	
1973	Authorization	Budget Estimate
$ 51,300,000	$ 1/	$ ---

1/ Authorization expires June 30, 1973.

Purpose: Funds are used for the purpose of eliminating functional illiteracy among the Nation's adults by providing educational opportunities that will enable adults 16 years and older with a limited education to continue their education.

Explanation: Grants are made to the States according to the formula specified in the Act. State education agencies administer the program in accordance with a State plan. Local communities participate by submitting proposals to the State education agency.

Accomplishments in 1973: In fiscal year 1973, 691,000 adults were enrolled in adult education classes.

Objectives for 1974: This activity will be absorbed by the new special education revenue sharing proposal to be transmitted to the Congress.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Adult Education: Special Projects (Adult Education Act, Section 309)

	1974	
1973	Authorization	Budget Estimate
$ 7,000,000	1/	$ 7,000,000

1/ Authorization expires June 30, 1973. Funding for fiscal year 1974 is authorized by the General Education Provisions Act, Section 413(c).

Purpose: The purpose of this program is to provide grants for special demonstration projects which involve the use of innovative methods, systems, and materials in the development of adult education programs.

Explanation: Grants are awarded to local education agencies, or other public or private nonprofit agencies, including educational television stations. Applicants must meet legislative criteria. Federal funds can support up to 100 percent of the project cost, but wherever feasible a Non-Federal contribution of at least 10 percent is encouraged.

Accomplishments in 1973: Forty grants were awarded in fiscal year 1973 of which 12 were continuations from 1972. These projects involved comprehensive efforts which addressed the special learning needs of undereducated adults and curriculum development.

Objectives in 1974: In fiscal year 1974, forty demonstration grants will be awarded of which 12 will be continuations and 28 will be new projects focusing on the maximum impact and services for illiterate adults.

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Program Purpose and Accomplishments

Activity: Adult Education: Teacher Training (Adult Education Act, Section 309)

	1974	
1973	Authorization	Budget Estimate
$ 3,000,000	1/	$ 3,000,000

1/ Authorization expires June 30, 1973. Funding for fiscal year 1974 is authorized by the General Education Provisions Act, sec. 413 (c).

Purpose: This program supports projects to promote and coordinate the training of personnel who work or are preparing to work in adult education.

Explanation: Grants are awarded to institutions of higher education, State or local education agencies, or other public or nonprofit agencies for preservice and inservice training and development of adult education personnel.

Accomplishments in 1973: Nine Regional Staff Development Programs were continued and six National training institutes were held.

Objectives for 1974: Continuation of the Regional Staff Development Program is planned at a cost of $2,500,000. In addition, it is expected that $500,000 in new funds will be used to support training opportunities for about 450 individuals in national institutes.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Occupational, Vocational, and Adult Education

Basic Vocational Education Programs

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
TOTAL	$383,766,354	$383,843,455	---
Alabama	8,406,817	7,872,428	---
Alaska	513,457	505,615	---
Arizona	3,643,135	3,691,489	---
Arkansas	4,545,544	4,204,550	---
California	30,091,972	32,059,380	---
Colorado	4,221,389	4,533,203	---
Connecticut	4,231,961	4,279,507	---
Delaware	859,085	898,604	---
Florida	11,965,538	12,624,166	---
Georgia	10,903,070	10,257,298	---
Hawaii	1,580,477	1,345,394	---
Idaho	1,740,254	1,632,029	---
Illinois	16,325,716	16,954,129	---
Indiana	9,511,708	9,917,790	---
Iowa	5,499,107	5,435,370	---
Kansas	4,649,365	4,342,265	---
Kentucky	7,623,109	7,396,122	---
Louisiana	8,872,840	8,526,982	---
Maine	2,116,508	2,131,066	---
Maryland	6,453,773	6,665,000	---
Massachusetts	8,279,060	9,300,754	---
Michigan	15,312,930	15,727,975	---
Minnesota	7,139,138	7,309,640	---
Mississippi	5,806,180	5,169,211	
Missouri	8,841,073	8,885,387	
Montana	1,554,098	1,510,550	---
Nebraska	2,784,937	2,879,598	---
Nevada	675,996	726,397	---
New Hampshire	1,332,469	1,431,610	---
New Jersey	10,837,793	10,308,874	---
New Mexico	2,467,331	2,375,698	---
New York	25,221,934	25,558,576	---
North Carolina	12,568,871	12,167,327	---
North Dakota	1,502,485	1,444,892	---
Ohio	19,605,737	19,325,594	---
Oklahoma	5,652,065	5,535,482	---
Oregon	4,029,962	4,108,456	---
Pennsylvania	21,175,458	21,237,373	---
Rhode Island	1,560,246	1,765,441	---
South Carolina	6,892,678	6,436,266	---

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
South Dakota	$ 1,518,034	$ 1,516,732	---
Tennessee	9,093,311	8,913,642	---
Texas	24,662,653	23,717,398	---
Utah	2,458,750	2,601,994	---
Vermont	886,283	947,537	---
Virginia	10,311,628	9,867,395	---
Washington	6,213,164	6,217,001	---
West Virginia	4,277,862	3,932,158	---
Wisconsin	7,965,778	8,689,504	---
Wyoming	701,150	691,536	---
District of Columbia	1,010,762	1,164,416	---
American Samoa	82,768	64,504	---
Guam	308,980	206,701	---
Puerto Rico	6,942,371	6,488,548	---
Trust Territory	210,284	211,022	---
Virgin Islands	130,312	135,881	---

1/ Distribution based on fiscal year 1973 final State products of (1) fiscal year 1973 allotment ratios, with limits of 0.60 and 0.40 and (2) the 15-19, 20-24, and 25-65 population age groups, April 1, 1970, with a minimum amount of $10,000 on the total amount for Part B and Part C.

2/ Funds previously carried under this appropriation are consolidated in 1974 under proposed legislation, Special Education Revenue Sharing.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Occupational, Vocational, and Adult Education

Programs for Students with Special Needs

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
TOTAL	$19,999,586	$20,000,000	---
Alabama	437,839	409,993	---
Alaska	26,741	26,332	---
Arizona	189,740	192,252	---
Arkansas	236,739	218,971	---
California	1,567,234	1,669,643	---
Colorado	219,856	236,088	---
Connecticut	220,407	222,875	---
Delaware	44,742	46,799	---
Florida	623,181	657,461	---
Georgia	567,847	534,196	---
Hawaii	82,314	70,067	---
Idaho	90,635	84,995	---
Illinois	850,266	882,966	---
Indiana	495,383	516,515	---
Iowa	286,400	283,072	---
Kansas	242,145	226,144	---
Kentucky	397,022	385,188	---
Louisiana	462,109	444,083	---
Maine	110,231	110,986	---
Maryland	336,121	347,110	---
Massachusetts	431,164	484,380	---
Michigan	797,519	819,108	---
Minnesota	371,815	380,684	---
Mississippi	302,290	269,211	---
Missouri	460,455	462,748	---
Montana	80,939	78,669	---
Nebraska	145,043	149,968	---
Nevada	35,206	37,830	---
New Hampshire	69,397	74,557	---
New Jersey	564,448	536,883	---
New Mexico	128,502	123,726	---
New York	1,313,593	1,331,083	---
North Carolina	654,603	633,670	---
North Dakota	78,251	75,250	---
Ohio	1,021,093	1,006,470	---
Oklahoma	294,368	288,286	---
Oregon	209,887	213,967	---
Pennsylvania	1,106,450	1,106,036	---
Rhode Island	81,260	91,943	---
South Carolina	358,980	335,199	---

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State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
South Dakota	$ 79,061	$ 78,990	---
Tennessee	473,593	464,219	---
Texas	1,284,465	1,235,194	---
Utah	128,003	135,510	---
Vermont	46,158	49,347	---
Virginia	537,045	513,890	---
Washington	323,590	323,779	---
West Virginia	222,797	204,786	---
Wisconsin	414,868	452,545	---
Wyoming	36,517	36,015	---
District of Columbia	52,643	60,643	---
American Samoa	10,000	10,000	---
Guam	16,092	10,766	---
Puerto Rico	361,568	337,922	---
Trust Territory	10,951	10,990	---
Virgin Islands	10,000	10,000	---

1/ Estimated distribution of funds under provisions of P.L. 90-576, Title I, Part A, Sec. 103(a) (2) and 103 (b), based on FY 1973 final State products of (1) FY 1973 allotment ratios, with limits of 0.60 and 0.40 and (2) the 15-19, 20-24, 25-65 population age-groups, April 1, 1970, with a minimum amount of $10,000.

2/ Funds previously carried under this appropriation are consolidated in 1974 under proposed legislation, Special Education Revenue Sharing.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Occupational, Vocational, and Adult Education

Consumer and Homemaking Education

State or Outlying Area	1972 Actual	1973 Estimate[1]	1974 Estimate[2]
TOTAL	$ 25,624,470	$25,625,000	---
Alabama	561,104	525,419	---
Alaska	34,270	33,745	---
Arizona	243,157	246,376	---
Arkansas	303,387	280,619	---
California	2,008,458	2,139,699	---
Colorado	281,751	302,554	---
Connecticut	282,457	285,621	---
Delaware	57,339	59,973	---
Florida	798,627	842,558	---
Georgia	727,714	684,590	---
Hawaii	105,487	89,795	---
Idaho	116,152	108,925	---
Illinois	1,089,642	1,131,547	---
Indiana	634,849	661,930	---
Iowa	367,032	362,766	---
Kansas	310,317	289,810	---
Kentucky	508,796	493,630	---
Louisiana	592,207	569,106	---
Maine	141,264	142,231	---
Maryland	430,750	444,833	---
Massachusetts	552,576	620,748	---
Michigan	1,022,046	1,049,713	---
Minnesota	476,494	487,859	---
Mississippi	387,394	345,003	---
Missouri	590,088	593,026	---
Montana	103,728	100,816	---
Nebraska	185,878	192,189	---
Nevada	45,119	48,481	---
New Hampshire	88,934	95,548	---
New Jersey	723,357	688,031	---
New Mexico	164,679	158,558	---
New York	1,683,411	1,705,824	---
North Carolina	838,896	812,069	---
North Dakota	100,282	96,435	---
Ohio	1,308,564	1,289,823	---
Oklahoma	377,241	369,448	---
Oregon	268,975	274,205	---
Pennsylvania	1,417,949	1,417,420	---
Rhode Island	104,137	117,829	---
South Carolina	460,044	429,568	---

State or Outlying Area	1972 Actual	1973 Estimate1/	1974 Estimate2/
South Dakota	$ 101,319	$ 101,229	---
Tennessee	606,923	594,912	---
Texas	1,646,084	1,582,941	---
Utah	164,039	173,661	---
Vermont	59,154	63,240	---
Virginia	688,239	658,568	---
Washington	414,691	414,934	---
West Virginia	285,522	262,439	---
Wisconsin	531,667	579,952	---
Whoming	46,797	46,154	---
District of Columbia	67,463	77,715	---
American Samoa	10,000	10,000	---
Guam	20,622	13,795	---
Puerto Rico	463,362	433,057	---
Trust Territory	14,036	14,083	---
Virgin Islands	10,000	10,000	---

1/ Distribution based on fiscal year 1973 final State products of (1) fiscal year 1973 allotment ratios, with limits of 0.60 and 0.40, and (2) the 15-19, 20-24, and 25-65 population age-groups, with a minimum amount of $10,000.

2/ Funds previously carried under this appropriation are consolidated in 1974 under proposed legislation, Special Education Revenue Sharing.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Occupational, Vocational, and Adult Education

Work Study

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
TOTAL	$ 5,999,894	$ 6,000,000	---
Alabama	111,335	105,439	---
Alaska	10,539	8,898	---
Arizona	52,155	53,087	---
Arkansas	58,910	55,712	---
California	556,407	569,568	---
Colorado	64,856	68,400	---
Connecticut	79,988	81,193	---
Delaware	15,403	15,745	---
Florida	171,597	178,548	---
Georgia	145,549	139,001	---
Hawaii	26,483	23,164	---
Idaho	23,510	22,464	---
Illinois	305,361	310,522	---
Indiana	149,978	154,619	---
Iowa	84,853	83,366	---
Kansas	70,530	67,795	---
Kentucky	100,256	98,973	---
Louisiana	119,442	116,176	---
Maine	28,645	28,810	---
Maryland	111,065	110,098	---
Massachusetts	146,465	160,457	---
Michigan	265,367	266,808	---
Minnesota	112,416	113,996	---
Mississippi	78,637	71,717	---
Missouri	130,251	132,350	---
Montana	22,159	21,358	---
Nebraska	42,967	44,193	---
Nevada	12,160	12,453	---
New Hampshire	19,457	20,953	---
New Jersey	193,756	187,103	---
New Mexico	34,319	32,135	---
New York	474,796	483,730	---
North Carolina	164,301	163,668	---
North Dakota	20,538	19,910	---
Ohio	314,009	310,625	---
Oklahoma	74,314	74,930	---
Oregon	60,802	62,137	---
Pennsylvania	324,818	328,960	---
Rhode Island	25,132	27,639	---
South Carolina	92,149	87,770	---

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
South Dakota	21,348	$ 21,383	---
Tennessee	117,010	117,244	---
Texas	348,328	339,775	---
Utah	34,049	35,676	---
Vermont	12,431	13,746	---
Virginia	145,925	139,818	---
Washington	103,499	103,000	---
West Virginia	56,478	52,699	---
Wisconsin	125,658	132,666	---
Wyoming	10,539	10,084	---
District of Columbia	19,186	21,463	---
American Samoa	1,162	968	---
Guam	4,540	2,695	---
Puerto Rico	98,094	89,575	---
Trust Territory	3,054	3,094	---
Virgin Islands	2,918	1,664	---

1/ Estimated distribution of $6,000,000 on the basis of the population aged 15-20, April 1, 1970.

2/ Funds previously carried under this appropriation are consolidated in 1974 under proposed legislation, Special Education Revenue Sharing.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Occupational, Vocational, and Adult Education

Cooperative Education

State or Outlying Area	1972 Actual	1973 Estimate[1/]	1974 Estimate[2/]
TOTAL	$19,499,700	$19,500,000	---
Alabama	364,496	356,178	---
Alaska	214,653	212,233	---
Arizona	276,576	278,314	---
Arkansas	286,975	283,260	---
California	1,012,082	1,030,529	---
Colorado	295,011	299,373	---
Connecticut	319,118	320,670	---
Delaware	222,669	223,458	---
Florida	452,890	463,582	---
Georgia	411,938	402,251	---
Hawaii	237,343	232,832	---
Idaho	234,979	233,847	---
Illinois	655,201	662,047	---
Indiana	424,528	429,520	---
Iowa	327,627	324,976	---
Kansas	303,992	299,264	---
Kentucky	347,480	345,669	---
Louisiana	376,786	371,810	---
Maine	242,542	242,665	---
Maryland	363,078	362,753	---
Massachusetts	417,438	435,148	---
Michigan	598,478	598,782	---
Minnesota	369,696	370,643	---
Mississippi	315,809	306,466	---
Missouri	393,803	396,348	---
Montana	233,088	232,148	---
Nebraska	264,286	265,430	---
Nevada	217,490	218,364	---
New Hampshire	228,834	230,739	---
New Jersey	485,978	479,602	---
New Mexico	251,051	248,059	---
New York	905,727	914,361	---
North Carolina	439,182	437,414	---
North Dakota	230,725	229,599	---
Ohio	669,855	662,577	---
Oklahoma	309,664	310,380	---
Oregon	291,229	292,935	---
Pennsylvania	686,399	691,463	---
Rhode Island	236,870	239,155	---
South Carolina	334,244	328,360	---

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
South Dakota	$ 232,143	$ 231,984	---
Tennessee	373,478	372,722	---
Texas	713,815	699,380	---
Utah	251,051	253,288	---
Vermont	218,435	220,289	---
Virginia	408,929	401,475	---
Washington	350,788	350,763	---
West Virginia	284,139	278,779	---
Wisconsin	388,604	397,948	---
Wyoming	215,599	215,185	---
District of Columbia	227,889	229,983	---
American Samoa	6,334	5,685	---
Guam	21,465	14,819	---
Puerto Rico	531,338	536,355	---
Trust Territory	16,714	18,435	---
Virgin Islands	9,149	9,706	---

1/ Estimated distribution of $19,500,000 with 3 percent ($585,000) reserved for the outlying areas and the balance distributed on the basis of (1) $200,000 to each State and D.C., and (2) the remainder on the 15-19 population, April 1, 1970.

2/ Funds previously carried under this appropriation are consolidated in 1974 under proposed legislation, Special Education Revenue Sharing.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Occupational, Vocational, and Adult Education

State Advisory Councils

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
TOTAL	$ 2,690,000	$ 2,690,000	---
Alabama	53,743	50,544	---
Alaska	31,964	32,101	---
Arizona	31,964	32,101	---
Arkansas	31,964	32,101	---
California	95,892	96,304	---
Colorado	31,964	32,101	---
Connecticut	31,964	32,101	---
Delaware	31,964	32,101	---
Florida	76,494	81,052	---
Georgia	69,752	65,856	---
Hawaii	31,964	32,101	---
Idaho	31,964	32,101	---
Illinois	95,892	96,304	---
Indiana	60,807	63,676	---
Iowa	35,155	34,897	---
Kansas	31,964	32,101	---
Kentucky	48,733	47,486	---
Louisiana	56,722	54,747	---
Maine	31,964	32,101	---
Maryland	41,258	42,791	---
Massachusetts	52,927	59,715	---
Michigan	95,892	96,304	---
Minnesota	45,639	46,930	---
Mississippi	37,105	33,188	---
Missouri	56,519	57,048	---
Montana	31,964	32,101	---
Nebraska	31,964	32,101	---
Nevada	31,964	32,101	---
New Hampshire	31,964	32,101	---
New Jersey	69,285	66,187	---
New Mexico	31,964	32,101	---
New York	95,892	96,304	---
North Carolina	80,351	78,119	---
North Dakota	31,964	32,101	---
Ohio	95,892	96,304	---
Oklahoma	36,133	35,540	---
Oregon	31,964	32,101	---
Pennsylvania	95,892	96,304	---
Rhode Island	31,964	32,101	---
South Carolina	44,064	41,323	---

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
South Dakota	31,964	$ 32,101	---
Tennessee	58,132	57,229	---
Texas	95,892	96,304	---
Utah	31,964	32,101	---
Vermont	31,964	32,101	---
Virginia	65,920	63,353	---
Washington	39,720	39,915	---
West Virginia	31,964	32,101	---
Wisconsin	50,924	55,790	---
Wyoming	31,964	32,101	---
District of Columbia	31,964	32,101	---
American Samoa	31,964	32,101	---
Guam	31,964	32,101	---
Puerto Rico	44,381	41,638	---
Trust Territory	31,964	32,101	---
Virgin Islands	31,964	32,101	---

1/ Estimated distribution based on 1 percent of allotment for P.L. 90-576, Title I, Part B with a minimum of $50,000 and a maximum of $150,000. This amount ($4,189,842) was ratably reduced to allotment amount of $2,690,000.

2/ Funds previously carried under this appropriation are consolidated in 1974 under proposed legislation, Special Education Revenue Sharing.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Occupational, Vocational, and Adult Education

Innovation

State of Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
TOTAL	$ 16,042,955	$16,000,000	
Alabama	313,003	295,337	---
Alaska	209,465	207,467	---
Arizona	251,793	247,806	---
Arkansas	253,093	250,826	---
California	888,551	706,989	---
Colorado	264,344	260,662	---
Connecticut	136,357	273,662	---
Delaware	215,487	214,320	---
Florida	370,644	360,902	---
Georgia	329,438	323,463	---
Hawaii	225,426	220,042	---
Idaho	223,795	220,662	---
Illinois	543,416	482,053	---
Indiana	299,530	340,108	---
Iowa	286,684	276,291	---
Kansas	263,480	260,595	---
Kentucky	290,028	288,922	---
Louisiana	307,918	304,880	---
Maine	229,382	226,045	---
Maryland	299,545	299,351	---
Massachusetts	384,721	343,544	---
Michigan	481,371	443,433	---
Minnesota	301,795	304,168	---
Mississippi	270,694	264,991	---
Missouri	159,153	319,859	---
Montana	222,802	219,624	---
Nebraska	119,622	239,941	---
Nevada	210,676	211,210	---
New Hampshire	233,251	218,764	---
New Jersey	442,464	370,681	---
New Mexico	234,710	229,337	---
New York	800,286	636,076	---
North Carolina	346,006	344,927	---
North Dakota	218,756	218,068	---
Ohio	408,589	482,376	---
Oklahoma	275,008	267,380	---
Oregon	255,690	256,731	---
Pennsylvania	416,459	500,010	---
Rhode Island	225,282	223,902	---
South Carolina	281,948	278,357	---

State of Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
South Dakota	222,017	$ 219,525	---
Tennessee	319,444	305,437	---
Texas	416,253	504,842	---
Utah	231,164	232,530	---
Vermont	212,732	212,385	---
Virginia	342,287	322,989	---
Washington	277,634	292,032	---
West Virginia	259,020	248,090	---
Wisconsin	283,718	320,835	---
Wyoming	210,773	209,270	---
District of Columbia	217,024	218,303	---
American Samoa	9,687	4,665	---
Guam	19,947	12,159	---
Puerto Rico	494,558	440,086	---
Trust Territory	21,135	15,126	---
Virgin Islands	14,300	7,964	---

1/ Estimated distribution of $16,000,000 with 3 percent reserved for the outlying areas; balance distributed on the basis of (1) $200,000 to each State and D.C., and (2) the remainder on the 15-19 population, April 1, 1970.

2/ Fifty percent of the funds previously carried under this appropriation are consolidated in 1974 under the special education revenue sharing proposal. The remaining fifty percent is proposed to be funded under the authority of the Cooperative Research Act.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Occupational, Vocational, and Adult Education

Research

State or Outlying Area	1972 Actual	1973 Estimate[1]	1974 Estimate[2]
TOTAL	$ 17,999,814	$18,000,000	---
Alabama	394,230	369,170	---
Alaska	24,078	23,710	---
Arizona	170,842	173,109	---
Arkansas	213,160	197,169	---
California	1,411,136	1,503,396	---
Colorado	197,958	212,580	---
Connecticut	198,454	200,684	---
Delaware	40,286	42,130	---
Florida	561,112	591,999	---
Georgia	511,476	481,007	---
Hawaii	74,116	63,091	---
Idaho	81,608	76,533	---
Illinois	765,580	795,049	---
Indiana	446,042	465,086	---
Iowa	257,876	254,887	---
Kansas	218,028	203,627	---
Kentucky	357,480	346,834	---
Louisiana	416,084	399,865	---
Maine	99,252	99,934	---
Maryland	302,644	312,549	---
Massachusetts	388,240	436,151	---
Michigan	718,086	737,550	---
Minnesota	334,782	342,779	---
Mississippi	272,182	242,406	---
Missouri	414,594	416,672	---
Montana	72,878	70,836	---
Nebraska	130,598	135,036	---
Nevada	31,700	34,064	---
New Hampshire	62,486	67,134	---
New Jersey	508,228	483,425	---
New Mexico	115,704	111,406	---
New York	1,182,760	1,198,547	---
North Carolina	589,406	570,576	---
North Dakota	70,458	67,757	---
Ohio	919,394	906,257	---
Oklahoma	265,050	259,582	---
Oregon	188,982	192,662	---
Pennsylvania	996,248	995,908	---
Rhode Island	73,166	82,789	---
South Carolina	323,226	301,823	---

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
South Dakota	71,188	$ 71,126	---
Tennessee	426,422	417,998	---
Texas	1,156,532	1,112,207	---
Utah	115,254	122,018	---
Vermont	41,562	44,434	---
Virginia	483,554	462,723	---
Washington	291,360	291,541	---
West Virginia	200,608	184,395	---
Wisconsin	373,548	407,486	---
Wyoming	32,880	32,429	---
District of Columbia	47,400	54,604	---
American Samoa	3,880	3,025	---
Guam	14,490	9,693	---
Puerto Rico	325,556	304,275	---
Trust Territory	9,860	9,896	---
Virgin Islands	6,110	6,372	---

1/ Estimated distribution of funds under provisions of Sec. 102(a) and 103(a) and (b), P.L. 90-576, Title I, Part A for the purposes of Part C. Estimated distribution, based on fiscal year 1973 final State products, was ratably reduced to $18,000,000.

2/ Fifty percent of the funds previously carried under this appropriation are consolidated in 1974 under the special education revenue sharing proposal. The remaining fifty percent is proposed to be funded under the authority of the Cooperative Research Act.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Occupational, Vocational, and Adult Education

Adult Education

State or Outlying Area	1972 Actual	1973 Estimate[1]	1974 Estimate[2]
TOTAL	$ 51,132,753	$51,134,000	---
Alabama	1,353,404	1,353,404	---
Alaska	166,536	166,536	---
Arizona	419,113	419,113	---
Arkansas	785,866	785,866	---
California	2,894,965	2,894,965	---
Colorado	425,700	425,700	---
Connecticut	646,371	646,371	---
Delaware	219,465	219,465	---
Florida	1,308,317	1,308,317	---
Georgia	1,712,693	1,713,940	---
Hawaii	272,771	272,771	---
Idaho	248,223	248,223	---
Illinois	2,271,708	2,271,708	---
Indiana	1,071,829	1,071,829	---
Iowa	646,525	646,525	---
Kansas	528,113	528,113	---
Kentucky	1,148,538	1,148,538	---
Louisiana	1,599,212	1,599,212	---
Maine	328,342	328,342	---
Maryland	777,671	777,671	---
Massachusetts	1,122,487	1,122,487	---
Michigan	1,702,104	1,702,104	---
Minnesota	774,061	774,061	---
Mississippi	1,054,146	1,054,146	---
Missouri	1,102,416	1,102,416	---
Montana	251,812	251,812	---
Nebraska	388,687	388,687	---
Nevada	180,362	180,362	---
New Hampshire	254,488	254,488	---
New Jersey	1,439,458	1,439,458	---
New Mexico	344,103	344,103	---
New York	3,783,043	3,783,043	---
North Carolina	1,898,912	1,898,912	---
North Dakota	257,625	257,625	---
Ohio	2,094,595	2,094,595	---
Oklahoma	620,400	620,400	---
Oregon	456,536	456,536	---
Pennsylvania	2,634,898	2,634,898	---
Rhode Island	331,396	331,396	---
South Carolina	1,190,918	1,190,918	---

State or Outlying Area	1972 Actual	1973 Estimate[1/]	1974 Estimate[2/]
South Dakota	263,481	$ 263,481	---
Tennessee	1,403,582	1,403,582	---
Texas	3,205,110	3,205,110	---
Utah	259,611	259,611	---
Vermont	208,698	208,698	---
Virginia	1,436,435	1,436,435	---
Washington	624,613	624,613	---
West Virginia	613,710	613,710	---
Wisconsin	917,375	917,375	---
Wyoming	186,843	186,843	---
District of Columbia	282,806	282,806	---
American Samoa	40,907	40,907	---
Guam	71,588	71,588	---
Puerto Rico	787,464	787,464	---
Trust Territory	81,814	81,814	---
Virgin Islands	40,907	40,907	---

[1/] Distribution of $51,300,000 with $166,000 reserved for the Advisory Council, 2% of the balance reserved for the outlying areas and the balance distributed with a basic amount of $150,000 and the remainder distributed on the basis of those 16 and over without a certificate of graducation from high school, with no State receiving less than it's FY 1971 allotment. (4/1/60)

[2/] Funds previously carried under this appropriation are consolidated in 1974 under proposed legislation, Special Education Revenue Sharing.

WEDNESDAY, MARCH 14, 1973.

HIGHER EDUCATION

WITNESSES

PETER P. MUIRHEAD, ACTING DEPUTY COMMISSIONER FOR HIGHER EDUCATION
DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION/DESIGNATE
DR. JOHN W. EVANS, ACTING DEPUTY COMMISSIONER FOR PLANNING, EVALUATION, AND MANAGEMENT
S. W. HERRELL, ACTING ASSOCIATE COMMISSIONER, BUREAU OF HIGHER EDUCATION
DR. ROBERT LEESTMA, ASSOCIATE COMMISSIONER FOR INTERNATIONAL EDUCATION
WILLIAM SIMMONS, DIRECTOR, DIVISION OF INSURED LOANS, BUREAU OF HIGHER EDUCATION
PETER VOIGT, PLANNING OFFICER, OFFICE OF DEPUTY COMMISSIONER FOR HIGHER EDUCATION
WILLIAM J. BAREFOOT, JR., EXECUTIVE OFFICER, OFFICE OF DEPUTY COMMISSIONER FOR HIGHER EDUCATION
FREDERICK WILSON, ACTING EXECUTIVE OFFICER, BUREAU OF HIGHER EDUCATION
JOE G. KEEN, BUDGET OFFICER
JESS BERRY, BUDGET ANALYST
CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

Object Classification (in thousands of dollars)

Identification code 09-40-0293-0-1-602	1972 actual	1973 est.	1974 est.
Personnel compensation:			
11.1 Permanent positions	4,529	---------	---------
11.3 Positions other than permanent	62	33	---------
11.5 Other personnel compensation	21	1	---------
Total personnel compensation	4,612	34	---------
12.1 Personnel benefits: Civilian	439	2	---------
21.0 Travel and transportation of persons	343	7	---------
22.0 Transportation of things	37	---------	---------
23.0 Rent, communications, and utilities	252	---------	---------
24.0 Printing and reproduction	213	87	---------
25.0 Other services	13,344	24	300
31.0 Equipment	177	---------	---------
33.0 Investments and loans	288,480	313,521	1,572
41.0 Grants, subsidies, and contributions	1,106,547	272,577	1,746,814
42.0 Insurance claims and indemnities	1,599	2,020	3,500
99.0 Total obligations	1,416,043	588,272	1,752,186

Personnel Summary

Total number of permanent positions	275	---------	---------
Full-time equivalent of other positions	5	3	---------
Average paid employment	280	3	---------
Employees in permanent positions, end of year	275	---------	---------
Employees in other positions, end of year	5	---------	---------
Average GS grade	10.0	---------	---------
Average GS salary	$16,467	---------	---------

Program and Financing (in thousands of dollars)

Identification code 09-40-0293-0-1-602	1972 actual	1973 est.	1974 est.
Program by activities:			
1. Student assistance:			
(a) Grants and work-study:			
(1) Basic opportunity grants	----------	---------	959,000
(2) Supplemental opportunity grants	221,488	828	----------
(3) Work-study	424,476	2,785	250,000
(b) Cooperative education	1,700	---------	10,750
(c) Subsidized insured loans:			
(1) Interest on insured loans	197,337	215,000	310,000
(2) Reserve fund advances	662	1,945	1,572
(3) Administrative expenses	6,785	58	----------
(d) Direct loans	291,712	316,600	5,000
2. Special programs for the disadvantaged:			
(a) Program	50,940	5,000	70,331
(b) Administration	1,686	---------	----------
3. Institutional assistance:			
(a) Strengthening developing institutions	51,850	---------	99,992
(b) Construction:			
(1) Interest subsidies	27,546	17,356	31,425
(2) Grants	43,737	---------	----------
(3) State administration and planning	5,934	3,000	----------
(4) Administration	2,556	---------	----------
(c) Language training and area studies	15,242	---------	1,360
(d) University community services	9,475	5,700	----------
(e) Aid to land-grant colleges:			
(1) Annual appropriation (Bankhead-Jones Act)	10,000	---------	----------
(2) Lump-sum payment—Virgin Islands and Guam	----------	6,000	----------
(3) Permanent appropriation (Second-Morrill Act)	2,600	2,700	2,700
(f) Postsecondary innovation	----------	10,000	----------
(g) Undergraduate instructional equipment	12,480	---------	----------
(h) State postsecondary education commissions	----------	---------	3,000

Program and Financing (in thousands of dollars)—**Continued**

	Identification code 09-40-0293-0-1-602	1972 actual	1973 est.	1974 est.
	4. College personnel development:			
	(a) College teacher fellowships	26,910		5,806
	(b) Fellowships for disadvantaged			750
	(c) Training program	10,043	800	
	(d) Allen J. Ellender Fellowships		500	500
	5. Planning and evaluation	884		
10	Total obligations	1,416,043	588,272	1,752,186
	Financing:			
17	Recovery of prior year obligations	−2,325		
21	Unobligated balance available, start of year	−22,352	−54,261	−1,889
24	Unobligated balance available, end of year	54,261	1,889	317
25	Unobligated balance lapsing	1,888		
	Budget authority	**1,447,515**	**535,900**	**1,750,614**
	Budget authority:			
	Current:			
40	Appropriation	1,444,923	577,500	1,747,914
40	Enacted appropriation proposed for rescission[1]		−44,300	
41	Transferred to other accounts	−8		
43	**Appropriation (adjusted)**	**1,444,915**	**533,200**	**1,747,914**
	Permanent:			
60	**Appropriation**	**2,600**	**2,700**	**2,700**
	Relation of obligations to outlays:			
71	Obligations incurred, net	1,413,718	588,272	1,752,186
72	Obligated balance, start of year	973,775	1,101,507	353,434
74	Obligated balance, end of year	−1,101,507	−353,434	−1,658,508
77	Adjustments in expired accounts	1,154		
90	Outlays	1,287,140	1,336,345	447,112

[1] Proposed appropriation language and a narrative statement describing the purpose of this proposed rescission are included in Part III of this volume.

Note.—Excludes $15,038,000 in 1974 for activities transferred to: Salaries and expenses, $38 thousand; Postsecondary innovation, $15,000 thousand; comparable amounts for 1972 ($38 thousand) and 1973 ($10,038 thousand) are included above.

Mr. Flood. The next item is "Higher education." The presentation will be made by Peter P. Muirhead, the Deputy Commissioner for Higher Education. We have your biographical sketch, Mr. Muirhead. How do you wish to proceed?

Mr. Muirhead. If it pleases the chairman, I have a statement which I would like to read and perhaps we could respond to your questions.

Mr. Flood. Suppose we do that.

Mr. Muirhead. Thank you.

[The biographical sketch follows:]

Name: Peter P. Muirhead.
Position: Acting Deputy Assistant Secretary for Education.
Birthplace and date: Ayr, Scotland, November 27, 1911.
Education:
- State University of New York (Albany)—B.S.
- University of Rochester—M.A.
- Cornell University—Graduate Study.
- New York University—Graduate Study.
- Syracuse University—Graduate Study.

Experience:
- 1971–Present: Executive Deputy Commissioner of Education.
- 1970: Associate Commissioner for Higher Education.
- 1969: Acting Deputy Commissioner of Education.
- 1968–69: Acting Commissioner of Education.
- 1968: Acting Deputy Commissioner of Education.
- 1965: Associate Commissioner for Higher Education.
- 1961–64: Assistant Commissioner of Education (Program and Legislative Planning).
- 1959–61: Director, Higher Education Programs, National Defense Education Act.
- 1958–59: Chief, Student Loan Program, NDEA.
- 1948–58: Director, New York State Regents Examinations and Scholarship Programs (New York State Education Department.
- 1944–48: Supervisor of Secondary Schools (New York State Education Department).
- 1937–44: Supervising Principal (Henrietta, N.Y.).
- 1934–37: High School History Teacher (Avon, N.Y.).

Association Memberships:
- American Society for Public Administration.
- Foreign Policy Association.
- Alexandria Council on Human Relations.
- Alexandria Little Theater.
- St. Andrews Society.
- University of Rochester Alumni Association.

Awards:
- Distinguished Service Medal, DHEW, 1968.
- Superior Service Award, April 10, 1964. For notable contributions to the development of the National Education Improvement Act and for professional and technical assistance on the significant portions of the Act enacted in 1963.
- Under Secretary Cohen's Certificate of Appreciation, January 4, 1966—For contribution to the Development of the Legislative Program for Health, Education, and Welfare.
- Outstanding Service Award—University of the State of New York (1953 and 1957).
- Four honorary doctorate awards.

Publications: Articles published in:
- Junior College Journal, May 1961.
- American Council on Education, April 1962.
- College and University, summer 1964.
- Vital Speeches, Vol. 30, 1964.
- American Association of University Women, March 1966.
- College and University Business, June 1966.

GENERAL STATEMENT

Mr. MUIRHEAD. Mr. Chairman and members of the committee. I am pleased to appear before this committee to present a fiscal year 1974 appropriations request for Higher Education of $1,750,614,000, including a permanent appropriation of $2.7 million. This request represents a $105-million increase over the comparable amount for fiscal year 1973. The key feature of this budget request is a proposed appropriation of $959 million for basic opportunity grants which will permit full funding of that program. The basic grant program represents a major reform of the traditional Federal student financial aid programs. In the past, Federal student financial aid was made available through several programs with varying standards of student eligibility tied to State allotment formulas which frequently did not reflect adequately student financial need. Students in some States were treated better than in other States and in one institution better than in another, even though their financial need was the same.

Under the new basic educational opportunity grants program every eligible student will be treated equitably and those in greatest need will receive the greatest amount of Federal assistance. The full funding of the basic opportunity grant program reflects the administration's strong commitment to student aid which is further emphasized by the fact that over 92 percent of the requested funds are for direct aid to students, most of it in the form of student financial aid. This commitment is aimed at making the entire range of posesecondary educational opportunities available to all who seek them without regard to the student's economic or social status. It is also aimed at providing funds, to the maximum extent possible, directly to the student so that he can choose the institution he wishes to attend solely on the basis of its ability to meet his educational needs. We believe that this consumer-oriented approach is most likely to foster a strong, effective postsecondary educational system attuned to the needs of the American people both now and in the future.

I would now like to review our funding requests for specific higher education programs.

STUDENT ASSISTANCE

For the basic educational opportunity grants program, we are requesting $959 million of which $11.5 million is for administration. These funds will permit us to provide grants to an estimated 1,577,000 students in academic year 1974–75. At the full funding level supported by this budget request, the program provides a grant of up to $1,400 less expected family contribution, but not to exceed one-half the cost of attendance. We expect that the grants will range from $200 to $1,400 with an average grant of $600. Because of the newness and the size and complexity of this program, it is not possible to determine in advance the precise amount needed to meet a given payment schedule. We have therefore requested special appropriation language which would allow a surplus of funds to be carried into the next fiscal year and a shortfall to be a first priority claim on the following year's funds. It is not expected that large amounts of money will be involved but this procedure will permit us to avoid the confusion and mass of paperwork which would result from frequent funding adjustments among institutions during the course of the year.

In order to help supplement the basic opportunity grants program, we are requesting substantial appropriations for the college work-study and insured student loan programs. For college work-study we are asking for $250 million, the same as our fiscal year 1973 request. This amount will support 545,000 students in academic year 1974–75. The college work-study program not only provides students with financial aid but also a valuable work experience and a chance to serve both their school and their community in many useful ways. Thus student, school and community all benefit from this program.

We are requesting $310 million for interest payments and related costs for the insured loan program, an increase of $65 million above our fiscal year 1973 request. We expect that this program will provide 1.5 million loans amounting to almost $1.7 billion in fiscal year 1974. The newly authorized Student Loan Marketing Association, which will be in operation in fiscal year 1974, should greatly facilitate the making of insured loans under this program.

Although the cooperative education program does not provide any funds directly to students, it does serve as an indirect source of financial aid as well as providing support to an important and growing academically related work-study program. We are seeking an appropriation of $10,750,000 for cooperative education, the full amount of the authorization and the same as our fiscal year 1973 request. This amount will fund some 250 projects involving about 300,000 students. As in fiscal year 1973, the emphasis will be on career education with at least 25 percent of the funds going to community colleges. Research and the training of faculty and other personnel will also be supported at a level of $750,000.

SPECIAL PROGRAMS FOR THE DISADVANTAGED

We are requesting an appropriation of $70.3 million for the special programs for disadvantaged students, the same as our fiscal year 1973 request. These funds will support 278,000 students. We are proposing to implement the newly authorized education opportunity centers at a level of $3 million. Each center will provide information and counseling services to all educationally disadvantaged low-income residents in its service areas, which are defined as areas with major concentrations of low-income families. The centers may also provide tutorial services to students attending postsecondary institutions in their service areas and serve as recruiting and counseling pools for such institutions. All four of the special programs for the disadvantaged, upward bound, talent search, special services in college, and the educational opportunity centers, will continue to emphasize career education and assistance to veterans, the Spanish-surnamed and American Indians.

INSTITUTIONAL ASSISTANCE

Our institutional assistance effort is being concentrated on the developing institutions program for which we are asking $100 million, the same as our fiscal year 1973 request. As in 1973, $52 million will be used to support the ongoing program benefiting about 500 developing institutions while $48 million will be concentrated on those developing institutions which appear to have the greatest potential for development during the next 3 to 5 years. The purpose of this new initiative is to provide these institutions with large enough grants to permit them to achieve fully developed status within a 3 to 5 year period.

Support for foreign language training and area studies is being limited to the Fulbright-Hays program for which we are requesting $1,360,000, the same as our 1973 request. Of this amount, $750,000 will fund 111 doctoral dissertation research fellowships in those areas and disciplines in which there is a shortage of well-trained specialists and $300,000 will be used to support 9 group research and training projects abroad for about 230 participants. The remaining funds will support a number of other activities related to this area.

COLLEGE PERSONNEL DEVELOPMENT

Under this budget activity, we are requesting funds for two programs which are new to the Office of Education. We are seeking $500,000 for the Allen J. Ellender fellowships, the same as our fiscal year 1973 request. As authorized by Public Law 92-506, these funds will be granted to the Close-Up Foundation of Washington, D.C. to help the foundation carry out its program of increasing understanding of the Federal Government among secondary school students, their teachers and the communities they represent. The funds will support 1,500 fellowships to disadvantaged high school students and their teachers.

We are requesting $750,000 to support the effort of the Council on Legal Educational Opportunity, popularly known as CLEO, to increase the enrollment of members of minority groups in law schools. This program was previously administered by the Office of Economic Opportunity. We will propose a legislative amendment which would permit the Office of Education to fund CLEO as it has been funded by the Office of Economic Opportunity.

That concludes the presentation of the budget requests for individual programs. We believe that the funding strategy represented by the proposed Higher Education appropriation will bring the opportunity for a postsecondary education within the reach of all Americans and will foster efforts by educational institutions to more effectively meet the needs of their students. Our dedication to the achievement of this objective is demonstrated by the very large amount of money we have committed to it within the confines of a very tight Federal budget. I hope that this committee and the Congress will find it possible to support our budget request and the strategy it embodies.

Thank you, Mr. Chairman. My colleagues and I shall be pleased to answer any questions the committee may wish to ask.

FULL FUNDING BOG PROGRAM

Mr. Flood. Of course, this is a very dramatic proposal. You and I have been around here a long time in these appropriations hearings for education, and you can understand we recognize this as quite a sweeping plan or proposal, project, or whatnot.

The request is $947,500,000 for the basic opportunity grant program.

Mr. Muirhead. Yes, and $11,500,000 for administration expenses, makes the total $959 million.

Mr. Flood. That is based on your estimate of fully funding the authorization.

Mr. Muirhead. Yes.

Mr. Flood. However, your justifications indicate this estimate, and I quote from the justification, "cannot be determined precisely in advance."

Before this committee can act on this request—this should not surprise you—we will need to know a little more about your calculations.

Can you describe briefly how this amount was derived and where the uncertainties in estimating occurred? Did you use a crystal ball, did you pick this off a left field wall, or what happened?

I do not think I am startling you by asking you that.

Mr. Muirhead. No, not at all.

That is a very reasonable question to ask, Mr. Chairman.

I would like to say right at the outset, it is also reasonable for us to say we cannot come to you with as much precision as we possibly will be able to in another year or so, once we have this program underway. But in arriving at the estimate that we have before you of $959 million, we have examined from the census data the best judgment——

USE OF CENSUS DATA IN CALCULATING COST

Mr. Flood. What year, what census did you use?

Mr. Muirhead. We have used the most recent information available to us.

Mr. Flood. What year?

The information you are now getting on the last census, or the actual figures of the one before?

Mr. Muirhead. We are using the figures—I must doublecheck this—the 1970 figures.

Mr. Flood. Which census are you using?

Mr. Voigt. I am really not quite positive which census figures we have used in making our projections.

Mr. Flood. You really what?

Mr. Voigt. I am not quite positive whether we are using 1970, 1971, or 1972 census figures.

Mr. Flood. You are not?

Mr. Voigt. We are trying to put in the latest figures we can.

Mr. Flood. I am sure of that.

Mr. Voigt. At this point we are still working with the Census Bureau to get updated figures and to get their latest estimate. I think we have the latest figures available from the Census Bureau. I just have to doublecheck the model at this point.

Mr. Flood. This is not a trial court, but a motion to dismiss would certainly be entertained at this time.

Very well, that is all you can say. You cannot say any more.

Mr. Muirhead. Mr. Chairman, I think we should report to you that we are refining the model as we go along and that we are using the most up-to-date information we have. Our best judgment, based on the information we have at this time, is that the $959 million that we are requesting from you would provide a distribution—first of all—support of 1½ million students, under the provisions of the basic opportunity grants program. They would be distributed among the several levels of family income, taking the lowest quartile first of that 1.5 million, about $700,000 would come from the very lowest quartile family income, 577,000 would come from the second quartile, 221,000 would come from the third, and 14 from the fourth.

Mr. **Flood**. You better define the term quartile.

Mr. **Muirhead**. What we have done is to take the family income and assume it would be distributed under four quartiles, the lowest quartile being——

Mr. **Flood**. What is a quartile?

Mr. **Muirhead**. Twenty-five percent.

Mr. **Michel**. A quarter.

Mr. **Muirhead**. Yes.

Having done that and distributed, according to the most recent information that we have, we have arrived at a conclusion that $959 million would support 1.5 million students distributed through those four quarters of family income that I have just described.

UNCERTAINTIES IN ESTIMATING COST

Mr. **Flood**. You indicate that you cannot determine this precisely in advance. Where are the uncertainties in this estimate?

Dr. **Ottina**. Mr. Chairman, perhaps I could just say a word.

Mr. **Flood**. The whole thing is uncertain.

Dr. **Ottina**. In trying to compute the full funding we must estimate the number of students who will be eligible. We must estimate the family income that each student comes from, and we must make a projection of what the cost of the institution that student will attend.

Mr. **Flood**. Those are uncertaines.

Dr. **Ottina**. All three of those are uncertainties. In our model we are trying to estimate the number of children or the number of students, the family income they come from, and trying to project them into schools they will go to.

Mr. **Flood**. Then you are saying to us that under the circumstances as they exist and as you have recited them, it is impossible at this time to give us a precise figure in advance.

Mr. **Muirhead**. We are stating that very directly to you, Mr. Chairman, but we are also saying that we have given enough attention to this and enough analysis to it that the figure we are presenting to you we think is almost on the target.

Mr. **Flood**. I was going to ask you that question. This is the rule of reason. You are in the ball park.

Mr. **Muirhead**. Yes.

We are asking you for a little flexibility.

Mr. **Flood**. I just wanted to be sure.

AVAILABILITY OF 1970 CENSUS DATA

Mr. **Conte**. Mr. Chairman, they do not really have a census to work from. They never answered your question on that.

Mr. **Flood**. I know that.

Mr. **Conte**. They have the figures, but they cannot tell you where they got them.

Mr. **Muirhead**. Yes.

We can provide you with those figures very precisely.

What we cannot provide you with any precision is what the family contribution schedule will be.

Mr. **Conte.** Mr. Chairman, you asked what census did they use.

Was this a recent census?

You turned to one of your backup men and asked him, and he could not tell you whether it was 1970, 1971, or 1972. I cannot see the basis for these figures.

Mr. **Muirhead.** I will put that into the record. I can say that we will be relying upon the 1970 census for basic data.

[The information follows:]

The census data used in the Office of Education projection model is 1970 census data updated by current population report surveys.

Mr. **Conte.** You have not done it.

Mr. **Michel.** Those figures were supposed to be available in December for all of education. Here we are in March. That is December 1972. The census was taken in 1970. What takes so long to get those figures?

Mr. **Conte.** A computer could provide those figures in no time.

Mr. **Muirhead.** We are taking the 1970 census figures and trying to put as much additional up-to-date information into it as we can.

Dr. **Ottina.** Mr. Chairman, I think we have confused two items in our discussion.

Mr. **Flood.** I have not confused it. I am asking the questions.

You have confused it.

Dr. **Ottina.** We have confused the two items in our discussion.

Mr. **Flood.** Yes.

Dr. **Ottina.** The first item is in the 1970 census for education. There was available to us earlier than December a set of basic information that was flat information. We were unable at that time to pin down that information to specific counties which is required in making the title I distribution. We were not able to get that pinned down until December, and that is the December date Mr. Michel was referring to.

We did have national data which was sufficient to make the projections that Mr. Voigt was referring to, because we are looking at it on a national perspective and don't need to tie it down to a county allocation much earlier than December, and have been working with the 1970 census updated since many months ago.

Mr. **Flood**. I can see where you would have difficulty in being precise.

Dr. **Ottina**. If I may add one more sentence.

All of our other programs that do not rely upon county data have been using the 1970 census for allocation of funds in other programs. It is only those programs that require county data.

Mr. **Michel**. Mr. Chairman, while we are on that point, may I ask, since you do not have to break it down by counties, you are talking about national figures, don't we have the facility for having even more up-to-date information than 1970? We are not going to be making these college allocations in the future on some figures 8 and 10 years old, are we?

Mr. **Muirhead**. You are quite right. We have available to us current population surveys.

That type of survey is done annually. It would be essential in this program because we have to come before the Congress each year for the family contribution schedule.

Mr. **Flood**. As you know, this proposal is fuzzy. You are going to be under the guns on this thing.

Mr. **Muirhead**. That is right.

INFORMATION ON BOG PROGRAM

Mr. **Flood**. This is being looked on with a very jaundiced eye, as I am sure you are aware, if I can understate the attitude. For the basic opportunity grants, supply for the record a table—we will have several of these—showing the number of grants and the amount per student at the various income levels. That is table No. 1. Do you have that?

Mr. **Muirhead**. Yes.

[The information follows:]

DISTRIBUTION OF SUPPORT - BASIC OPPORTUNITY GRANTS

FULL FUNDING - FISCAL 1974

Income Category (1)	Distribution of Appropriation (in millions) (2)	Average Award (3)	Percent Recipients (4)	Attendance Public Institution (5)	Attendance Private Institution (6)
$ 0 - 3500	$217.5	$876	16.3%	65.3%	34.7%
3501 - 6500	363.1	796	29.9%	65.2%	34.8%
6501 - 8500	191.9	578	21.8%	65.3%	34.7%
8501 - 10,000	141.6	415	22.4%	62.6%	37.4%
Over 10,000	44.9	307	9.6%	61.9%	38.1%
TOTAL	959.0	629	100.0%	64.3%	35.7%

This chart illustrates the distribution of support possible under the Basic Grant Program at the estimated full funding level of $959 million. Column (1) represents various income categories. Column (2) represents the distribution of the total amount of Basic Grant award dollars within each income level. Column (3) represents the average Basic Grant award by each income category. Column (4) represents the percentage of the total number of Basic Grant recipients in each income category. Columns (5) and (6) represent the percentages of Basic Grant recipients, by income category, who will attend public or private postsecondary institutions.

REACTIONS TO FAMILY CONTRIBUTION SCHEDULE

Mr. **Flood.** Congress has until the 1st of May to react to your family contribution schedule under the basic opportunity grant program.

Mr. **Muirhead.** Yes.

Mr. **Flood.** You have very highly attuned antennas; what has been the reaction so far, what are your spies telling you so far?

Mr. **Muirhead.** We have had a very constructive reaction from the House committee hearing and from the Senate committee hearing. We have had some critical reaction concerning the manner by which we would determine family contribution from farm families. There has been a criticism of the method by which we have evaluated that. There is also criticism of the manner by which we assess small business. We have in response to that replied to the chairman of the appropriate House committee and provided the information he requested in order that they might come to the decision as to whether or not they would approve it or seek to have it amended.

Mr. **Flood.** Aren't you encountering extensive concern about the yardstick you are using for farm income?

Isn't that a major hurdle?

Mr. **Muirhead.** As I was reporting to you, this has emerged as probably the most significant concern that both the House committee and the Senate committee have had with the family contribution schedule we have suggested.

We have responded as best we could and given our rationale for supporting the criteria that we have used in determining family contribution from farm families.

But aside from that, Mr. Chairman, the criticism has not been very large.

Mr. **Obey.** Mr. Chairman, if you would yield on that point for just a quick question: I wanted to make sure I got your definition of responding, because I thought when I had raised the point the other day that you indicated to me—I related to you and someone else a conversation I had with Congressman Quie—you related that something was in the works to change those guidelines.

I thought you meant from your end. Was I mistaken in that understanding?

Mr. **Muirhead.** We have responded to the critique from the committee and have reaffirmed our position and the rationale we have used.

Mr. **Flood.** With reference to what?

Mr. **Obey.** The farm income problem.

Mr. **Muirhead.** We are now waiting upon the reaction from both the House committee and the Senate committee.

As you know, of course, the Congress has until May 1 to decide. We are hoping that this decision will come before then. In response to our letter we may get another response back so that we may have to reexamine our position. At the moment we feel we have been responsive to the criticism by submitting our rationale and trying to answer the various critical points made by the committee.

EXPECTED CONTRIBUTION FROM MIDDLE CLASS FAMILIES

Mr. **Flood.** During the course of these critiques has anybody had the effrontery to raise the question about family contributions from other than the very poorest classes? Did you hear anything about the so-called middle class or the upper middle class or lower middle class as distinguished from the poor? Have there been any protests in connection with your yardstick from families in that category generally?

Mr. **Muirhead**. There is a concept about the basic opportunity grants program that sometimes is a little erroneous.

Mr. **Flood**. That is what I am trying to find out. What is your concept of it?

Mr. **Muirhead**. A concept that is held much too widely is that the basic opportunity grants will go only to children from very low-income families, whereas in reality the basic opportunity grants program takes account of several determinants of need. At full funding, $1,400, minus the family contribution, will be available if that much is needed to cover half his cost of attendance. A grant could very well go to a student whose family income is $10,000 to $12,000.

Mr. **Flood**. You say very well. Is that remote?

Mr. **Muirhead**. No, depending, Mr. Chairman, on the number of children in the family, depending on other factors.

Mr. **Flood**. Is it within the realm of possibility or probability?

Mr. **Muirhead**. It is in the realm of surety, because there are many families in the $10,000 to $12,000 bracket who will be eligible for basic opportunity grants under the family contribution schedule we have submitted.

Granted that the larger grants will go, and should go, to the children from lower income families. I think we ought to dispel the idea that basic opportunity grants only go to the children from very poor families.

OUTSIDE LIMIT FOR BOG ELIGIBILITY

Mr. **Michel**. Doctor, one of the key questions that is going to be asked is what level of family income screens them out for a basic opportunity grant?

Mr. **Flood**. In effect, that is what I am asking, out of an abundance of caution.

Mr. **Michel**. People are going to be talking about some outside limit, and this means that variable will be one, two, three, and four children. Then after that figure is set it seems to me we are in a better position to know what we are talking about—what we are talking about in your breakdown in the area of people who are to get some benefit.

Mr. **Flood**. What I am driving at is this: You can be sure it is the Achilles' heel of this proposal. If you do not get by this year, you may be a dead duck.

Mr. **Muirhead**. Let me begin with very general terms. By and large a family earning $10,000 and having two children, and only one of them going to college, that is, the one for whom we are doing the calculation, under the family contribution schedule would be expected to contribute in the neighborhood of $1,000. That same income level with a family of four children would have a much lower expected family contribution. and therefore probably would be eligible for a larger basic opportunity grant.

Mr. **Conte**. Of what, $15?

Mr. **Muirhead**. No.

Mrs. **Green**. Attending what price institution, Dr. Muirhead?

Mr. **Muirhead**. The amount of the grant would vary depending upon the cost of the institution.

EXAMPLES OF BOG AWARDS

Mrs. **Green.** You have a chart.

You have already prepared it. It is in the record in the previous hearing. Attending an institution where the cost is $1,600. If it is a $10,000 family with one student in college and you have 60 percent funding, that student would get $130 as I recall. That would not really make the difference between going to a university or not going! If BOG's are funded at $959 million and it proves to be only 50 percent funding instead of 100 percent—then the student at a college or university might receive $120?

Mr. **Muirhead.** Let me take another example, if I may.

Mr. **Flood.** Wait a minute, answer that one.

The answer is yes, is it not? The answer to her question?

Mrs. **Green.** Haven't you put out a chart that shows that?

Mr. **Muirhead.** We have prepared a chart which shows that a family of $10,000 with two children, only one of whom is attending college—let me, if I may, just repeat what you said—that cost $1,600. Our family contribution schedule under our present plan would require that family to contribute about $1,000, which, at full funding would mean a basic grant of $400.

There would then be a difference of $600 between the cost of education at that institution and the family contribution. That student would be eligible for $400. That would be $1,400 minus family contribution and $400 is less than one-half of the cost of education.

Mrs. **Green.** Mr. Chairman, it is repetitious but I would like to put the same chart in at this place again because they do not square with what we've just been told.

[The information follows:]

BASIC GRANT AWARDS (BOG'S): FAMILY OF 4—1 CHILD IN COLLEGE—COST OF ATTENDENCE $1,600 USING FAMILY CONTRIBUTION SCHEDULE RECOMMENDED BY OE

Parent's adjusted gross income	Full funding estimated by OE at less than $1,000,000,000 (BEOG)	Scheduled reduction (BEOG)	20 percent prorata reduction (BEOG)	40 percent prorata reduction $622,000,000 (BEOG)
$4,000	$800	$800	$800	$630
$6,000	800	660	660	500
$8,000	770	490	390	300
$10,000	440	220	180	130
$12,000	0	0	0	0

Dr. **Ottina.** Mrs. Green is aware at full funding a different set of criteria apply. So in our conversation we have to be consistent whether we are assuming a full funding situation or not.

Mr. **Green.** I realize that.

Mr. **Flood.** Your whole figure is on the assumption you would have full funding of the authorization.

Dr. **Ottina.** Mrs. Green was talking about a 60-percent level.

[The following additional information was submitted:]

Robert Kelley
Dependent
4 member family

Expected Family Contribution for Dependent Students, Academic Year 1974-75

Summary of Calculation

1.	Parents' Adjusted Gross Income in 1972.		$10,000
2.	Other Parental Income in 1972.		0
3.	Parents' Adjusted Annual Income in 1972.		$10,000
4.	Parents' Federal Income Tax paid in 1972.		905
5.	Effective Family Income 1972.		9,095
6.	Family Size Offset	+ 4300	
7.	Unusual expenses	+ 0	
8.	Employment Expense Offset	+ 0	
9.	Total Offsets Against Income (lines 6, 7, &8)= 4300		- 4,300
10.	Discretionary Income (line 5 minus line 9)		= 4,795
11.	Multiply Discretionary Income by Applicable rate to obtain Standard Contribution. (20)		959
12.	Determine Net Assets of Parents.		8,250
13.	Subtract Net Reserve.		- 7,500
14.	Available Parental Assets		= 750
15.	Multiply Available assets by .05		x .05
16.	Parental Contribution from assets		38
17.	Add lines 11 plus 16 to obtain Standard Contribution from income and assets		997
18.	Multiply Standard Contribution by Multiple Student rate to determine expected family contribution for each family member in postsecondary education.		997
19.	Effective Income of student		0
20.	Determine net assets of student		0
21.	Multiply Students' Net assets by .33		x.33
22.	Students' Contribution from assets		0
23.	Total Family Contribution equals sum of lines 18 plus 19 plus 22.		997
24.	Subtract family contribution from $1400		403
25.	Maximum Amount of BEOG the student could receive		403

We have calculated the expected family contribution for a student with a four-member family with one wage earner.

The total net asset position of the family is based on data compiled by the American College Testing Program and is typical of a family at this income level.

We expect that the FY 1974 appropriation of $959 million will be sufficient for full funding of the program. Line 25 illustrates the maximum award this student could receive at full funding. At the full funding level, however, no Basic Grant award may exceed either one-half the cost of attendance or the difference between the expected family contribution and the cost of attendance.

NOT FUNDING EXISTING STUDENT AID PROGRAMS

Mr. **Flood**. The budget includes no funds for two existing student programs: the supplemental educational opportunity grants and the direct loans.

Mr. **Muirhead**. That is true

Mr. **Flood**. All of us around here know what the law requires about the funding of the existing student aid programs before payment can be made for the basic opportunity grants. You know where you are. Is your proposal based entirely on budgetary pressure from OMB, or are there some substantive reasons for eliminating those existing two programs?

Mr. **Muirhead**. There are substantive reasons for doing that.

I think it is fair to underscore that the request we are making for this budget is the highest request that has ever been made for a grant program to students. We are asking for $959 million for grants to students, a sum considerably in excess of any other grant request that has been made before.

Our rationale for not including the supplementary opportunity grants is that the basic opportunity grants will be enough to serve the number of needy students that will be seeking postsecondary education.

Our rationale for not including the NDEA student loan program is that we have extended the guaranteed loan program and we have put in place a mechanism that we hope will stimulate additional funds to to be made available for loans under the guaranteed student loan program.

We have at the direct request of the Congress brought the lenders under the guaranteed loan program into a closer relationship with the colleges, so that the benefits that were great under the NDEA loan program can hopefully be continued under the guaranteed loan program.

The terms are not quite the same, but in very large measure the terms for the guaranteed loan program provide for much the same benefits to young people. They have interest-free loans while they are in school and they have an extended period of time to pay back the loan after they complete their training. Granted they have to pay a higher rate of interest under the guaranteed loan program. Our concept was that if we could use the guaranteed loan program to replace the NDEA program then we would have more money available for grants to help low-income students.

ASSURANCES TO STUDENTS RECEIVING AID UNDER EXISTING PROGRAMS

Mr. **Flood**. Can you give any assurances that students who are receiving aid under the existing student aid programs will receive at least an equivalent amount under your proposal?

Mr. **Muirhead**. No, I cannot give that assurance, but I can give some assurance that will be directed at the thrust of your question.

Under the full funding for basic opportunity grants, we can assure you that all students from low-income families and middle-income families who qualify under the criteria will be able to get a grant.

In other words, we are saying that for the first time we will have enough money to assure that all eligible young people will be able to get a basic grant. We have never been able to say that before.

We are saying it now. This means that there will be some students who perhaps under the programs that have been in place in previous years, who received more assistance by combining college work-study, and NDEA and educational opportunity grants, may not get as much in grants under this program as they did formerly. But we are saying that there still exists an opportunity for young people from families that are in need to put together a grant, work-study, and guaranted loan package.

We are also saying that we are continuing to support the college work-study program at approximately the same dollar level as before, and we are expanding the opportunity for borrowing money.

1973 FUNDING LEVEL FOR DIRECT LOANS

Mr. **Flood**. For the direct loan program Congress passed last June, a supplemental of $23,600,000. Then a few months later, an amount of $293 million was appropriated in the 1973 supplemental appropriation. This would provide a total of $316,600,000 for the current academic year.

How much have you allocated to the colleges and the universities for the current academic year?

Mr. **Muirhead**. For the current academic year we have allotted $286 million for Federal capital contributions. In addition, $2 million is available for loans to institutions and $5 million for teacher cancellations, a total of $293 million.

This program, as you know, is not forward-funded. The amount that is appropriated in the fiscal year is made available in the same fiscal year to the colleges.

Mr. **Flood**. I know, but what are you doing with the rest of the money?

The appropriation is $316 million.

Mr. **Muirhead**. Yes, Mr. Chairman. Of the $316.6 million, $309.6 million is for the capital contributions. We have allotted $286 million in this academic year and there will be a balance of $23.6 million available for next fiscal year.

Mr. **Flood**. I know what it is. I just want to know what happened to it.

Mr. **Muirhead**. The $23.6 million will be obligated by the Office of Education in the last quarter of this fiscal year so that it will be available for loans next academic year. We expect student repayment of loans to amount to $150 million, and we expect the net of all activity to make about $180 million available for direct student loans in the revolving funds of participating institutions. Our best estimate is that will help about 300,000 students in academic year 1973–74.

STUDENT LOAN MARKETING ASSOCIATION

Mr. **Flood**. On page 4 of your statement you indicate that this new creature, the Student Loan Marketing Association, will be in operation in 1974. What role will HEW have in setting the policy for this outfit and when is it going to be operational?

Mr. **Muirhead**. This will be a separate organization. HEW will be involved in that the Secretary will be consulting with the board of directors and will be consulted in terms of what interest rate will be paid by the Federal Government. But basically the Student Loan Marketing Association will be a privately operated mechanism to provide private capital for the carrying out of this function.

Mr. Flood. At this point in the record will you briefly tell us what is the Student Loan Marketing Association? Why was it born and how does it function? Who is going to be on it, and how do they get there?

Mr. Muirhead. We will be pleased to do that.

Mr. Flood. And make any references to any other sources for additional information.

Mr. Muirhead. We will be pleased to do that, Mr. Chairman.

[The information follows:]

STUDENT LOAN MARKETING ASSOCIATION
(Sallie Mae)

The STUDENT LOAN MARKETING ASSOCIATION will be a Government sponsored private corporation which will be financed by private capital and which will serve as a secondary market and warehousing facility for loans insured under the provisions of Title IV-B of the Higher Education Act of 1965. This mechanism will provide the necessary source of liquidity relief for lenders who have made or invested in the relatively long-term deferred repayment loans characteristic of the Guaranteed Student Loan Program. This type of operation is essential for the continued growth of this means of financing a college or vocational education.

Sallie Mae would obtain its capital through the sale of stock and securities. The Association would purchase student loan paper from lenders under conditions established by the Board of Directors, who would be appointed by the President on an interim basis until sufficient stock is sold to lending institutions, and schools at which time these "stockholders" would elect two-thirds of the 21 member permanent Board with the President naming the remaining seven.

In order that Sallie Mae would operate on a self sustaining basis, it would purchase paper on the basis of Sallie Mae's borrowing costs and the rate of yield on the purchased paper. When market conditions are right, Sallie Mae could sell blocks of loans to investors. On paper held by Sallie Mae, the Association would pay either the originating lender or a servicing agency a fee to service the loans.

Sallie Mae will result in a greater ability in the supply of guaranteed loans by being able to provide lenders with a source of liquidity relief. It should also result in increased lender participation, as many lenders, who heretofore have been reluctant to invest in these non-liquid assets, are provided the security that there is a market for such loans. While some lenders may never participate in the secondary market, there is a strong psychological value in having it available.

In addition to the buying and selling aspects of Sallie Mae, the Association also has the authority to provide a warehousing facility, whereby lenders may pledge student loan paper as collateral for an advance not to exceed 80 percent of the collateral.

This placing of loans in "cold storage" during the school enrollment and grace periods when repayments are not being received, will enable lenders to obtain a measure of liquidity as well as to obtain funds to make additional student loans. The rate of interest charged on the warehousing loan will be determined by the Association Directors after taking into account its cost of money and operating expenses.

On December 29, 1972, President Nixon announced the appointment of the 21 member Interim Board of Directors of Sallie Mae. A copy of the White House Press Release is attached.

FOR IMMEDIATE RELEASE DECEMBER 29, 1972

Office of the White House Press Secretary

THE WHITE HOUSE

The President today announced the appointment of 21 persons to be members of the Interim Board of Directors of the Student Loan Marketing Association. They are:

Members Representing the General Public

Edward A. McCabe, of Washington, D.C.; partner in Washington-Chicago law firm of Hamel, Park, McCabe and Saunders.

M. O. Lee, of Wyomissing, Pennsylvania; President and Chairman of the Board, VF Corporation, Reading,Pennsylvania.

Melissa H. Dempsey, of Chagrin Falls, Ohio; Securities Analyst, Burgess and Leith, Boston, Massachusetts.

Philip H. Potter, of Fort Collins , Colorado; partner in Fort Collins law firm of Wood, Herzog and Osborn.

Dorothy M. Ford, of Whittier, California; Vice President, M & M Business Services, Los Angeles, and President, Youth Power USA Foundations, Inc., Fullerton, California.

Cassandra M. Birnie, of Philadelphia, Pennsylvania; lawyer Philadelphia, Pennsylvania.

Paul W. Eggers, of Dallas, Texas; lawyer, Dallas, Texas.

Members Representing Financial Institutions

Joseph W. Barr, of Washington, D.C.; President, American Security and Trust Company, Washington, D.C.

Tom B. Scott, Jr., of Jackson, Mississippi; President, First Federal Savings and Loan Association, Jackson, Mississippi.

Kenneth V. Larkin, of San Rafael, California; Senior Vice President, Bank of America, San Francisco, California.

Neil McKay, of Geneva, Illinois; Senior Vice President and Cashier, The First National Bank of Chicago.

James J. O'Leary, of Westport, Connecticut; Vice Chairman of the Board, United States Trust Company of New York, New York City.

William I. Spencer, of New York City; President, First National City Corporation and First National City Bank, New York City.

David B. Harper, of Detroit, Michigan President, First Independence National Bank, Detroit, Michigan.

Members Representing Educational Institutions

John M. Dozier, of St. Paul, Minnesota, Vice President and Treasurer, Macalester College, St. Paul, Minnesota.

E. Howard Brooks, of Claremont, California; Provost, The Claremont Colleges.

Allan W. Purdy, of Columbia, Missouri; Director, Student Financial Aid Services, University of Missouri, Columbia, Missouri.

George Kozmetsky, of Austin, Texas; Dean, College of Business Administration and Graduate School of Business, University of Texas at Austin.

Morris J. W. Gaebe, of Barrington, Rhode Island; President, Johnson and Wales College, Providence, Rhode Island.

John W. Mulcahy, of Larchmont, New York; Vice Chairman, English Department, Iona Prep School, New Rochelle, New York.

Colin D. Campbell, of Hanover, New Hampshire; Professor of Economics, Dartmouth College, Hanover, New Hampshire.

The President also announced today the designation of Mr. McCabe to serve as the Interin Chairman. The Student Loan Marketing Association was established by PL 92-318 of June 23, 1972. The Interim Board of Directors consists of the 21 persons named above, seven of whom represent the general public, seven of whom represent educational institutions and seven of whom represent banks or other financial institutions which are insured lenders.

The Interim Borad of Directors will arrange for an initial offering of common and preferred stocks and take whatever actions are necessary to proceed with the operation of the Student Loan Marketing Association. When, in the judgment of the President, sufficient common stock of the Association has been purchased by educational institutions and banks or other financial institutions, the holders of common stock which are educational institutions will elect seven members of the Board of Directors and the holders of common stock which are banks or other financial institutions will elect seven members. The President will appoint the remaining seven Directors, who will be representative of the general public.

# # #

STATISTICS ON STUDENT AID PROGRAMS

Mr. **Flood.** Again with reference to tables, will you supply for the record a table for each student aid program, showing the total funding, the number of students aided, and the amount per student for the academic years 1973, 1974, 1975?

Mr. **Conte.** Do you mean average?

Mr. **Flood.** The average amount per student for the academic year.

Mr. **Muirhead.** Yes.

[The information follows:]

FEDERAL STUDENT AID FUNDS BY ACADEMIC YEAR
(thousands of dollars)

Appropriations		Year of Impact			
Program and Year of Appropriation		1971/72	1972/73	1973/74	1974/75
Basic Opportunity Grants (including Administrative cutbacks):					
1973	$622,000	$ ---	$ ---	$ 622,000	$ ---
1974	959,000	---	---	---	959,000
Work-study:					
1971	158,400 1/	81,000	---	---	---
1972	426,600	156,400	270,200	---	---
1973	250,000	---	---	250,000	---
1974	250,000	---	---	---	250,000
Supplemental Opportunity Grants:					
1971	167,700	167,700	---	---	---
1972	220,300	10,000	210,300	---	---
National Direct Student Loans:					
1971	243,000 2/	---	---	---	---
1972	316,600	293,000	23,600	---	---
1973	293,000	---	269,400	23,600	---
Subtotal		708,100	773,500	895,600	1,209,000
Guaranteed Student Loans Appropriations:					
Interest, special allowance, death disability:					
1972	196,600	196,600	---	---	---
1973	245,000	---	245,000	---	---
1974	310,000	---	---	310,000	---
1975	315,000	---	---	---	315,000 3/
(Level of New Guaranteed Loans)		(1,301,577)	(1,356,000)	(1,671,000)	(1,700,000) 3/
TOTAL, APPROPRIATION		904,700	1,018,500	1,205,600	1,524,000
1972	$1,160,100				
1973	1,410,000				
1974	1,519,000				

1/ $77,400 thousand for Academic Year 1970-71.
2/ This amount is for academic year 1970-71.
3/ Tentative estimate, not an official budget request.

Student Assistance

Number of Awards

	Academic Year			
	1971-72	1972-73	1973-74	1974-75
Basic opportunity grants...	---	---	1,577,000	1,577,000
Supplemental opportunity grants (formerly educational opportunity grants)..................	297,300	303,500	---	---
Work-study jobs...........	545,000	560,000	545,000	545,000
Direct loans...............	614,000	624,500	301,500	259,000
Subsidized insured loans...	1,256,000	1,256,000	1,533,000	1,673,000
Total Awards.............	2,712,300	2,744,000	3,956,500	4,054,000

Average Award 1/

	1971-72	1972-73	1973-74	1974-75
Basic opportunity grants...	---	---	$387	$601
Supplemental opportunity grants..................	$580	$670	---	---
Work-study jobs...........	$524	$580	$553	$553
Direct loans...............	$670	$690	$600	$600
Subsidized insured loans...	$1,029	$1,080	$1,090	$1,016

1/ The average award is not found by dividing Federal funds by number of awards in any of these programs. For Basic opportunity grants the adminstrative costs must be subtracted. For Supplemental opportunity grants (formerly called.EOG's), 3% of the total may be used by the institution for adminstrative expenses. In the case of work-study, the student's pay is about 120% of Federal funds. This is the net of a matching requirement and a 3% administrative allowance for the institution. In the case of guaranteed loans, the average is level of new loans divided by the number of loans.

AID TO COMMUNITY COLLEGES

Mr. FLOOD. The Educational Amendments of 1972 authorized a new program for assisting community colleges.

I have been listening to this subject across this table since the idea was born. It was to be the greatest thing since canned beer.

The community college was going to be "it." But there is nothing in your budget for the new program. In fact, there seems to be in the budget nothing for community colleges at all.

I was convinced about the great need for the community college, and even more particularly in the urban areas. Is this another case where you are going to leave the whole thing to the States?

Mr. MUIRHEAD. Mr. Chairman, that question gets to the very basic foundation of our budget request.

Mr. FLOOD. That is why I asked the question.

Mr. MUIRHEAD. We are before you in support of a budget request that has clearly identified a priority, and that priority is student assistance. Having to carry out that priority and to provide sufficient funds to meet the objective of being able to say that every young person will be entitled to a grant, we had to make some very difficult decisions. One of these very difficult decisions was whether or not we would back off from the priority of serving students and provide support for community colleges under that provision of the Occupational and Adult Education Act.

We decided that the overriding priority was student assistance. Nevertheless, having made that decision I think it is quite appropriate for me to point out that community colleges do receive considerable support under a number of our programs. We are asking, for example, for $100 million in support of the developing institutions. Twenty-four percent of that money will be directed toward support of community colleges. We are before you with a budget that asks for $959 million for basic opportunity grants, a very significant portion of which money will go to students attending community colleges.

Indeed, a very significant portion of the young people that that program is intended to help attend community colleges. So we have been sensitive to the needs of community colleges. Our failure to support the community college provision of the recently enacted legislation is no indication that we are slackening in any way in our support of the community college movement in this country.

Mr. CONTE. May I ask a question, Mr. Chairman?

Mr. FLOOD. Yes.

TUITION COSTS AT COMMUNITY COLLEGES

Mr. CONTE. What is the tuition for community colleges?

Mr. MUIRHEAD. Tuition in community colleges varies from State to State.

Mr. CONTE. I know it does, but give us an average.

Mr. MUIRHEAD. I would say that on the average tuition charges at community colleges probably run about $400 a year.

Mr. FLOOD. Geographically, pick one Northeast, Middle West, Southeast, Southwest; give us the answer to that geographically.

[The information follows:]

No data are available regarding average charges at postsecondary institutions by geographic or regional areas. However, the chart below illustrates possible Basic Grant Awards at different types and costs of institutions and different family contribution levels. Note that at full funding no Basic Grant may exceed one-half the cost of attendance. Those awards in the chart which have been affected by this limitation have an asterisk following the dollar amount.

The cost examples shown represent only average tuition and fee and room and board charges. It should be noted that these averages take into account those institutions which do not have any tuition and fee and/or room and board charges.

The source for the data is the National Center for Educational Statistics.

BEOG AWARD AT TYPE AND COST OF INSTITUTION	MAXIMUM BASIC GRANT AWARD ELIGIBILITY				
	$1400	$1067	$1042	$670	$419
PUBLIC - 4-year Avg. Cost $1400	$ 700*	$ 700*	$ 700*	$670*	$419
PUBLIC - 2-year Avg. Cost $1100	$ 550*	$ 550*	$ 550*	$550*	$419
PRIVATE - 4-year Avg. Cost $3000	$1400	$1067	$1042	$670	$419
PRIVATE - 2-year Avg. Cost $2600	$1300*	$1067	$1042	$670	$419

* Awards Reduced by One-Half Cost Limitation

YEARLY TUITION, PUBLIC COMMUNITY COLLEGES

	Number	Average	High	Low
Northeast:				
Connecticut	12	172	200	100
Massachusetts	15	255	600	200
Middle West:				
Illinois	[1] 46	175	450	0
Michigan	32	314	550	141
Southeast:				
Florida	[2] 27	240	395	0
Georgia	13	250	330	80
Southwest: Texas	45	136	240	60
Northwest: Oregon	13	261	360	90
West: California [3]				

[1] 13 have no tuition.
[2] 1 has no tuition.
[3] No tuition.

BOG AWARDS TO COMMUNITY COLLEGE STUDENTS

Mr. Conte. Let us know what they will get under the basic opportunity grants.

Mr. Muirhead. Yes.

Mr. Conte. A student going to Harvard will get a lot more than the student going to a community college.

Mr. Muirhead. Of course he will.

Mr. Conte. We are comparing $700 against $400.

Mr. Muirhead. Mr. Conte, I think I should point out that when we determine what the basic opportunity grant is going to be we take into account the total cost of education to the student, not just his tuition. In computing the cost of education for students attending community colleges, we take into account the fact that they have commuting costs, and perhaps board-and-room charges.

Mr. Conte. In community college, not too many will have room-and-board charges. I will bet 95 percent are students. That is the whole idea of community college. They live at home.

Mr. Muirhead. Yes.

Mr. Conte. Do you take the costs to mothers and fathers of these students living at home into account?

Mr. Muirhead. What we have done in determining our cost of education allowances to the various colleges is to make an estimate of what the cost of education would be for a student living off campus as these community college students do.

So students living at home and commuting may have computed into his cost of education allowance an amount to cover his room and board as well as his tuition and fees.

The cost of education to such a student might very well run up to $1,200 to $1,500. That would be the basis for the allowance.

Mr. Conte. As opposed to $4,700 for the student going to Harvard.

Mr. Muirhead. Yes. But let me again point out that the law provides that the grant cannot exceed $1,400. So that a student attending a $4,700-a-year college would not get one-half of that.

He would get only $1,400 even if his expected parental contribution is zero.

CRITERIA FOR GRANTS TO DEVELOPING INSTITUTIONS

Mr. Flood. Again using phrases in your request, for "strengthening developing institutions" I notice in the justification you have $48 million to be used for "new initiatives." But there is a catch in this. It appears to me that you will be imposing very extensive terms and conditions—conditions precedent, as a matter of fact, on the institutions which may apply for these funds. What are the criteria for these grants? How do they relate to the basic legislation that we have in title III?

Mr. **Muirhead**. They relate very directly to the purposes of title III which are to assist institutions that have been out of the academic stream, if you will, to strengthen their programs, to be able to get back into the academic stream, to be able to prepare students better for professional and graduate study than they have before. The new thrust we speak of here, Mr. Chairman, is really directed at saying that we have been supporting now for the past 7 years a developing institutions program, and we have been supporting up to something like 500 institutions a year under this program. We are saying now that there is now an opportunity to have some of these institutions do a self-analysis and to be selected for more substantial support so that they can more quickly reach a developed status. It is our hope that, under this new thrust, we would be able to say that, in a selected number of institutions that have a good base to build upon, that, in a comparatively short time, perhaps 3 to 5 years, they could reach a state of being developed and would be self-sustaining, and therefore move out of the title III program.

Mr. **Flood**. This is not an obstacle course. You are not putting up a row of hurdles, are you?

Mr. **Muirhead**. No, we are basing it upon an assessment of the institution's capacity for accelerated development. The long-range development plan would be drawn up by the institution. Review panels and site visits will help us determine which institution should be selected for this advanced institutional development program.

Mr. **Flood**. There is nothing rigid about this?

Mr. **Muirhead**. We certainly do not intend it to be rigid. We intend development to follow the institution's own analysis and its own plan, and selection to be based on the institutional capability, and we expect to seek outside help in judging that capability.

Mr. **Flood**. Just so Big Brother is not going to run around like a second lieutenant with a rule book in his hand.

Mr. **Muirhead**. No, as far as I have anything to do with it Big Brother will not be doing that.

PHASING OUT LANGUAGE AND AREA STUDIES (NDEA VI)

Mr. **Flood**. Very well. You are proposing to phase out language and area studies authorized by NDEA in title VI.

Mr. **Muirhead**. Yes.

Mr. **Flood**. Your justification states that the urgent need for these highly trained specialists in foreign language and area studies has largely been met and is a fait accompli. That was a pretty casual statement in your justification.

What evidence can you supply to this committee that this is so? We are going to need a lot more here than just a few comments in that volume of justifications, and there were few.

Mr. **Muirhead**. Mr. Chairman, these are always difficult decisions to make, as I have said before.

When we have made a decision to have the overriding priority in the budget, that of support of student assistance, then flowing from that decision come some very difficult decisions. The language and area studies program has indeed served a fine and very important purpose. That purpose will need to continue to be met.

In arriving at our decision we have felt that the Federal Government had done a reasonably good job in supporting the language and area centers. There had to come a time when the institutions themselves had put enough of their own funds into the support of those centers, so that they could continue.

We do not expect that the language and area centers will just wither away. We expect that they will continue. But we have had to make the rather difficult decision that the Federal funds could be used to better advantage in this case in support of equal education opportunity for young people.

Mr. **Flood**. I know what your attitude was on these programs and I know what ours was. I get the impression that you have made a conclusion, but you leave me with the impression that the need—and you and I went into this at some great length—the need has not been met at all.

Mr. **Muirhead**. The need probably never will be met.

We will constantly need to provide trained people in foreign languages and understanding of the problems of foreign nations.

We made a judgment, and it had to be a judgment, that there was a greater need, and that the money that was available should be used to support that greater need, and that was to extend equal education opportunity to young people.

Mr. **Flood**. Very well.

FELLOWSHIP FOR THE DISADVANTAGED

This budget includes $750,000 for "Fellowships for the disadvantaged." You say this requires legislation.

Mr. **Muirhead**. Yes.

Mr. **Flood**. This request is to continue the funding of a project which is referred to as the Council on Legal Education Opportunity. That is CLEO. Are you familiar with the case in the Washington State Supreme Court concerning law school admission plans? My question is what implication does this have on the CLEO project?

I have here a clipping taken from the Washington Post for Sunday, February 18, 1973. I am sure you all read it. The headline is "Suit Threatens Law Schools' Minority Admission Plans." I won't go into it now with you, but I want you to take this with you because this question is apparently a rapidly developing question.

The allegations, I gather from this newspaper article, say in effect this:

> The lawsuit raised a sensitive issue: Are white students being discriminated against in favor of less qualified minorities?

That is the theme of this article, and of the case before the Washington State Supreme Court.

Are you aware of the case?

Mr. **Muirhead.** I have read about it but I would like to study it some more.

Mr. **Flood.** I will submit that article for the record and if you do not have this handy, we can submit a copy to you.

[The article follows:]

[From the Washington Post, Feb. 18, 1973]

SUIT THREATENS LAW SCHOOLS' MINORITY ADMISSIONS PLANS

(By Philip Hager)

SEATTLE.—From all appearances, Marco De Funis had it made.

Born, raised, and educated in Washington, hardworking and aggressive, a Phi Beta Kappa, magna cum laude university graduate with high aptitude scores; he seemed assured of admission when he applied 3 years ago to the University of Washington law school.

But he was rejected then and in 1971 when he applied again.

To find out why and to gain admission, De Funis consulted an attorney and then brought a lawsuit that has since drawn nationwide attention and provoked widespread interest among law school officials and civil rights organizations.

De Funis, a white, contended he had been denied admission because of his race—that some 38 students of minority races, less academically qualified than he was, had been admitted while he had not.

The lawsuit raised a sensitive issue: Are white students being discriminated against in favor of less qualified minorities?

Critics of the trend toward sharply increased minority enrollments in law schools say new admission policies are unfair to white students and, in the long run, a disservice to minorities as well.

Defenders reply that relatively few qualified whites are being denied admission and that, even if they are, there is an overriding social interest in increasing the number of minority law students and future lawyers.

A trial court judge here found De Funis had been denied equal protection of the law. De Funis, who had been admitted pending the outcome of the case, continued his schooling.

The university denied discrimination, defended its special minority admissions program and cited a need for minority lawyers (pointing to a 1968 study that 3,000 black lawyers were needed then to serve the U.S. black community, when less than 1 percent of the Nation's 325,000 lawyers were black). It took the case to the Washington State Supreme Court. Both sides, now awaiting a ruling, say it is likely the issue ultimately will go to the U.S. Supreme Court.

De Funis, now 24, working parttime in a clothing store and doing fairly well by his estimate in law school, observed in an interview:

"It wasn't my intention to upset the university's admissions policy * * * but I do feel a lot of people are being hurt by that policy. At least, something should be done to open up more slots to law school applicants who are academically qualified."

Minority enrollments in law schools, spurred by special admissions policies, minority applicants not accepted under regular admissions programs are considered under criteria that do not require the same academic standards as regular admissions.

Surveys show that 5,195 minority students—black, Mexican-American, Indian, Asian and others—were enrolled in U.S. law schools last year, making up about 7 percent of the full-time enrollment of accredited schools. The number was nearly double the figure of 2 years before.

At the University of California at Berkeley's Boalt Hall School of Law last year, the number of minorities amounted to 21 percent, highest in the country; at De Funis' school, the University of Washington, about 15 percent of this year's first-year class is minority.

The increases, initiated in the wake of protests by minority organizations, generally have drawn relatively little public attention and some school officials prefer it that way.

Some fear a negative public reaction to minority enrollment programs and are paying special attention to the De Funis case.

If the findings of the Washington trial court—that De Funis was discriminated against—is upheld and similar ruling emerge in other U.S. courts, "it will certainly have a chilling effect" on these special programs, said Michael Moorhead, executive director of the Council on Legal Education programs in Washington, D.C., a federally funded program providing financial assistance and special training to disadvantaged students. "Already," he said, "we feel we might be encountering some limitations—a kind of 'holding pattern' getting in on minority enrollments."

Another view is expressed by Paul Hartman, director of the law department of the Anti-Defamation League of B'nai B'rith in New York.

"Special minority programs for undergraduates are fine, but law school admissions should be based on qualifications alone, regardless of race, color, or creed," said Hartman. "Any action where a less-qualified student is taken over a better-qualified student is reverse racism and discrimination."

Albert Weiss, head of the league's discrimination department in Chicago, said the trend of preferential admissions to minorities is extending not only to law schools, but to medical, dental, and other graduate schools as well.

In all, 53 complaints alleging such preferential treatment have been made through his office to the U.S. Department of Health, Education, and Welfare. Weiss said, "We believe there should be ways to advance the oportunity for minorities without erecting barriers to nonminorities."

Mr. Flood. In other words, what implications do we have here insofar as the CLEO project is concerned?

Mr. Muirhead. Yes, sir.

Mr. Flood. Somebody will raise it, so we better.

Mr. Muirhead. We will be glad to respond.

[The information follows:]

De Funis v. Odegaard Case and Its Implications for the CLEO

On March 8, 1973, the State of Washington's Supreme Court reversed a lower court's decision and held that Marco De Funis' constitutional rights were not violated when as he contended, minority students with lower qualifications were admitted to the University of Washington's law school while he was not.

In overturning the lower court decision, the State Supreme Court held that:

> Classification of candidates for admission to a State college or university on the basis of race, and favorable consideration of one race over another as a factor in the school's admission policy, when the purpose of such classification is to promote integration and to undo the effects of past discrimination is not, per se, violative of the equal protection clause of the Federal constitution.

Moreover:

> The elimination of serious racial imbalances caused by the underrepresentation of certain minorities within public legal education constitutes a compelling State interest.

In the context of State interest the court concluded:

> Finally, the shortage of minority attorneys—and, consequently, minority prosecutors, judges, and public officials—constitutes an undeniably compelling State interest. If minorities are to live within the rule of law, they must enjoy equal representation within our legal system.

Thus, it would appear that the State of Washington Supreme Court ruling would sanction and uphold the objectives of the CLEO program and other similar programs which are designed to redress imbalances in our society caused by years of either overt discrimination or neglect.

That the predominant minorities are grossly underrepresented in our society is all too evident. No more than 3 percent of our Nation's lawyers are black, Spanish surnamed, or native American. Yet these groups comprise above 15 percent of the total population. This problem takes on special meaning when we are reminded that in 1970 the State of Mississippi had a nonwhite population of nearly a million who were served by nine black lawyers.

As a result of efforts like the CLEO program, last year's law school enrollment included 5,568 minority students making up some 6 percent of the total law students. This would suggest that in the near future the percentage of minority lawyers in the population will increase somewhat but only slightly. Thus it seems clear that unless efforts to increase the number of minority lawyers is expanded the supply will continue to fall far short of the demand.

Mr. **Flood.** Mr. Michel.

Mr. **Michel.** Thank you, Mr. Chairman.

STUDENT AID RELATED TO COLLEGE ENROLLMENT

Dr. Muirhead, how many college students do we have in the country in all?

Mr. **Muirhead.** The present enrollment in higher education is about 8½ million.

Mr. **Michel.** I am looking at all the categories you addressed yourself to here. BOG's, which you say will take care of 1½ million, roughly; work-study at 545,000; interest subsidy loans, 1½ million students, I would assume. Co-op education, 300,000. Special programs for the disadvantaged, 278,000. My addition gives me 4,200,000, or roughly 50 percent of the total number of 8,500,000 students attending college. Question No. 1: How much overlap is there in these figures with respect to a student participating in one or more of the five categories which I have cited? Is that possible?

Mr. **Muirhead.** We can provide you with an estimate of that. Our tabulation, if I may, indicates that the student aid programs—the basic opportunity grants, the work-study, the direct loans, and the subsidized insured loans—would provide a little over 4 million awards. There is overlap there. The 4 million that we are talking about represents the number of awards not the number of students, since many students will have more than one form of aid.

Mr. **Michel.** Would those figures exclude returning veterans who might be going to school under the GI bill?

Mr. **Muirhead.** These figures would include returning veterans who would be eligible for the student aid programs.

As you know, under the statute we are required to take into account one-half of their GI benefits as part of their family contribution in computing their basic grant. Having done that, they are eligible.

STUDENTS NOT RECEIVING FEDERAL AID

Mr. **Michel.** Do you have any idea who these other 4½ million students would be? Would they all be coming from families in the upper income brackets who would not need to turn to some form of Federal assistance?

Mr. **Muirhead.** Yes, Mr. Michel. All programs that provide a Federal subsidy, whether it be a subsidized loan program or a work-study program, or a basic opportunity grants program, or work-study program, require that the student demonstrate need.

That need, of course, with higher education costs being what they are today, can include families ranging above $15,000 in income.

For example, under the guaranteed student loan program, as you may know, we have just published as of March 1 the new regulations for that, which say in effect that if a student brings to a bank a statement from the financial aid officer showing that he has need, based on his family income and his other sources of income, and the cost of education at the institution, he would be eligible for a subsidized guaranteed loan program. Under the guaranteed loan program the range of family income goes from very low family income to as high as $15,000 or $18,000.

THRESHOLD LEVELS FOR EXISTING PROGRAMS

Mr. MICHEL. We are at a distinct disadvantage in talking about specific figures and funding levels for fiscal year 1974 when we have not come to any resolution yet on the supplemental with respect to figures in 1973. We have already gone over, during the supplemental, what you would like to see come about, speaking for the administration, and the controversy with respect to those threshold levels which appear in the authorizing legislation.

What is your view with respect to those threshold levels so far as the 1974 request is concerned?

Mr. MUIRHEAD. Our view is that the amount of money that is in the 1974 budget for student financial assistance can be used to better advantage by supporting the basic opportunity grants program at the level of $959 million, than by reducing the amount for basic grants in order to fund supplementary opportunity grants and the NDEA capital contribution.

MINIMUM FUNDING FOR BOG PROGRAM

Mr. MICHEL. The other day I asked a question which I prefaced by saying there obviously was a difference of opinion and that you could not be absolutely assured by any stretch of the imagination you were going to get your $622 million for BOG's for fiscal year 1973. I posed the question, what would be the minimum amount required to keep the BOG program viable?

The response was something in the neighborhood of $500 million. Would it make any difference if I asked that question today with respect to fiscal 1974? I will go on to say that, if it does not make any difference, then for fiscal 1974 we could have that amount and still practically meet those threshold amounts called for in the law.

I say that only because, generally speaking, the feeling on this side of the table is, regardless of our differences, that we want to do our best to hold within an overall figure, but we might have differences as to how that pie ought to be divided.

What do you say in response to that question or observation?

Mr. MUIRHEAD. I must say, as I have said consistently in response to questions that were related to that, that our judgment is that we can reach more—equitably more—students by support of the basic opportunity grants program. You asked at our previous meeting on the supplemental what the viable level for the basic opportunities grants program would be and I replied at that time that it would be somewhere in the neighborhood of $500 million. I do not think that it would be fair to assume that I would recommend that. I think that the $622 million can be used to better advantage under the basic opportunity grants program rather than $500 million for basic opportunity grants and $130 million which is the mandated level in the legislation for the supplementary opportunity grants.

I would have to be consistent in replying to your question on the 1974 budget. I feel that the amount of money that is available can be used to better advantage as we have budgeted it. We can help more students and help them more equitably and let them know before school begins the size of the grant they are likely to receive. Within our total, we believe that this will be more effective aid than we could provide if we diverted funds to supplementary opportunity grants and NDEA loans.

EFFECT OF LESS THAN FULL FUNDING FOR BOG

Mr. Michel. Let me ask you this question: You say full funding affecting 1½ million students.

Mr. Muirhead. Yes.

Mr. Michel. And whether or not it is a meaningful level of support, taking into account family incomes or not, what is the effect if we cut what you consider to be full funding back to some other figure?

Does it affect the number of students and the level of support, or just the level of support for the same number of students?

Mr. Muirhead. It does not affect the number of students. It does affect the level of support. It affects it in ways that sometimes would seem to be quite unfair. If we reduce the amount of support below the full funding level, which we estimate to be at $959 million, then there are provisions in the law which are set in motion, which require that if a student has this level of support he will get this percentage of his entitlement. If it is reduced rather drastically we would have a pro rata reduction of entitlements. This tends to cause a sharp reduction in the size of grants to the needier students.

MINIMUM GRANT PER STUDENT UNDER BOG

Mr. Michel. I asked you earlier at what level a family's income would screen them out completely from participation.

Let me go to the other side or the lower side. What is the minimum amount, or is there a minimum amount, that a student would get? We heard it facetiously said you leave him with $15 or $10.

Mr. Conte. That was not facetious.

Mr. Michel. If said in all seriousness, does it go down to zero?

Mr. Muirhead. No; there are two provisions in the law depending on the level of funding.

If the funding is at the full level, then the grants are made to a minimum of $200. If the amount of support for the basic opportunity grants program is reduced, another provision of the law comes into effect which says that the minimum grant would be $50.

Mr. Michel. Would you mind specifying at what level that goes down to $50?

Mr. Muirhead. Let me ask Mr. Voigt.

Mr. Voigt. As soon as you are below full funding, the minimum grant is reduced to $50 automatically.

Mr. Michel. Less than full funding for the whole program, you go down to $50 automatically. That is what the law says.

Mr. Voigt. Yes, that is the law.

ADJUSTMENT FOR GI BENEFITS

Mrs. Green. What about the provisions that half of the GI payment has to be subtracted as family contribution?

The GI payment is $220. That amounts to $2,640 a year. Half of it, $1,320, and the total amount is $1,400 that a person would be entitled to under BOG.

How do you plan to work that out?

Mr. Muirhead. The statute provides that one-half of the GI benefits will be used as a family contribution. So a GI who was getting perhaps $200 a month——

Mr. Conte. $220.

Mrs. Green. $220.

Mr. Conte. Under the formula, $990 of a veteran's GI bill benefits would be taken into account.

Mr. Muirhead. Then that would be added to his family contribution. Let us say he came from a family and—and I am assuming he is a dependent student—if he came from a family where there was complete need, and there was no family contribution and he was eligible for the $1,400, then that $1,400 would be reduced by one-half of his GI.

Mr. Conte. $990.

Mr. Muirhead. That is right.

Mrs. Green. If he gets $2,640, one-half of that is $1,320, and that would be considered as the family contribution.

Are you subtracting $1,320 from $1,400?

Mr. Conte. He gets $1,980 for 9 months of school. He only gets paid while he is going to school.

Mr. Flood. That is the difference.

Mrs. Green. Then about $1,000 from $1,400 for 9 months of school—no summer attendance.

Mr. Muirhead. That is correct.

Mr. Conte. So that leaves him $600.

Mr. Muirhead. About $400.

Mr. Conte. This is the man who went out and fought a bloody war that he did not want any part of, and now he is really getting the short end of the deal.

I think it is terrible.

Mr. Muirhead. Mr. Conte, I think you should know that is the way the law is written.

Mr. Conte. It is wrong and we better change it.

I hope the administration comes up here with a message proposing that this provision affecting the Vietnam veteran be changed. Believe me, I have just come back from hearings I held all day Friday in Cleveland. These men are upset and frustrated. They are having a really difficult time of it. They cannot go to school. Forget Yale, Harvard, and all the other big-name schools. He has all he can do to go to a community college.

Mr. Flood. And enough are not going to any school.

Mr. Conte. For the big schools, the Vietnam-era veteran constitutes only 1 percent of the enrollment.

Mr. Flood. It used to be in my time, after World War I and after World War II, 80 percent of the students were GIs.

Mr. Michel. For a balanced record, the figures will show that there are far more people in service today and returning from the service who have already completed their college than there ever were during World War II when none of us were old enough to really get started and all had to go.

Mr. Conte. Not enlisted men. You are talking about the ones whose fathers had money. They got a deferment and went to college.

The poor man who couldn't afford college went in and fought the war.

TREATMENT OF INDEPENDENT STUDENTS

Mr. **Michel**. The figures do not prove the point you are making. They prove absolutely the opposite. Let me ask you this: Doctor, you made a point of difference between a dependent child and a nondependent child. Is that treated the same way under the Internal Revenue Code, or at age 21 or 22 while going to school?

Mr. **Muirhead**. I will ask Mr. Voigt.

Mr. **Michel**. This would make a difference with respect to a returning veteran when he comes back. Take my oldest son, when he gets out he is no longer a dependent of mine. Conceivably he can qualify for the GI bill. I am sure when he first comes back he will be staying with us if he does not get married, but if I say, "You are on your own," the extent of his income in this computation surely is the GI bill if he is not making anything else on the side, is it not?

Mr. **Voigt**. The veteran's benefits are treated exactly the same, whether he is dependent or independent.

Mr. **Muirhead**. I think it would be helpful if you would give Mr. Michel the definition we are using of an independent student.

Mr. **Voigt**. An independent student has to meet three tests. First, he cannot have been claimed by his parents on the previous year's income tax.

Second, he cannot receive more than $600 support from his parents during the previous year.

Third, he cannot live at home during that period.

Mr. **Michel**. So that does take care or meets part of the objection that has been raised here with respect to some of our returning veterans. Not all of them, but I guess a segment.

Mrs. **Green**. Would you yield at that point?

Mr. **Michel**. Yes.

Mrs. **Green**. I thought all veterans regardless of these three qualifications are considered as independent.

Mr. **Michel**. You thought they were all considered to be independent?

Mrs. **Green**. Regardless of these three qualifications. Is that not right?

Mr. **Voigt**. Not under the basic grant regulations we are proposing for the family-contribution schedule. The independent-student test would still apply. The veteran would not automatically be independent.

Mr. **Michel**. If that is not the case, that could easily be remedied with a sentence or two in the law, or maybe less than that. That would seem to be an inequity, whether it was foreseen or not.

Mr. **Conte**. Did you say every veteran would be declared an independent?

Mr. **Voigt**. No.

Mr. **Michel**. This is the point Mrs. Green was making. That was her impression, but the interpretation is something contrary to that. That might be open to question and I guess we will just have to have a shakeout period.

I think that will conclude my line of questioning for the moment, Mr. Chairman.

Thank you.

Mr. **Flood**. Mr. Obey.

ELIMINATING LIBRARY ASSISTANCE

Mr. OBEY. If I can touch on libraries just a second, page 156 of your justifications, school library resources. What are you doing with libraries? You are just eliminating this program completely.

Mr. MUIRHEAD. The school library program, the title II program, yes, we are eliminating that program.

We are saying that school libraries will be eligible for support under the special revenue-sharing legislation which we are proposing.

Mr. OBEY. Will there be earmarked funds for libraries or not?

Mr. MUIRHEAD. There will not be earmarked funds for libraries, but there will be an opportunity for the State and the local school district to move funds from one targeted area to another, and they could put money into support of libraries.

Mr. OBEY. That is obvious, but the point is that you are not going to be declaring that library support is essential.

Mr. MUIRHEAD. We are not identifying it as one of those categories.

Mr. OBEY. Do you agree with that decision personally?

Mr. MUIRHEAD. I agree with that decision personally, based upon the rationale I used in the beginning, that with the amount of money that is available, we made a wise decision in my judgment to concentrate on student financial aid.

Mr. DINGELDEIN. This is consistent with the whole approach of getting away from additional categories.

Mr. OBEY. That is one man's opinion. I understand you want to get away from the categories. I also come from an area that is in short supply of libraries and library services, is sparsely populated and so stretched out and in some areas so poor that at least one county in my district has a doctor-patient ratio as bad as Nicaragua. We have the same situation in regard to libraries in some isolated areas.

So I'm a little concerned about the lack of earmarking.

SCHOOL LIBRARY ASSISTANCE RELATED TO RIGHT TO READ PROGRAM

I noticed in last year's hearings that you indicated that "support for the purchase of school library resources, textbooks by public educational agences for use by students and teachers in both public and private schools are essential if we are to achieve the Right to Read goals established for the 1970s." If they were so essential last year, why would they not be earmarked, or at least some of the funds earmarked in this budget year?

Mr. DINGELDEIN. I think I would add——

Mr. OBEY. I would like to have Dr. Muirhead answer that.

It was his statement last year.

Mr. MUIRHEAD. We are continuing with our priority consideration of Right to Read. We would expect that substantial support for Right to Read would come through special revenue sharing and earmarking of special revenue sharing for compensatory education.

Mr. OBEY. I am talking about libraries, and you made the statement last year, paraphrasing it again, if we are to meet our Right to Read goals support for libraries is essential."

If that is correct, why don't you have plans for earmarking some of those funds for libraries?

Mr. **Muirhead**. I guess I have to repeat what I have said. Our judgment this year is that with the money available to us we felt that we could pursue our Right to Read objective by emphasizing the use of compensatory funds under title I for Right to Read purposes.

Mr. **Obey**. I still don't understand what the difference is in conditions between last year and this.

EFFECT OF TERMINATING ASSISTANCE TO PUBLIC LIBRARIES

Let me just ask another question, then—let me just read a statement that came from our State superintendent of public instruction: "In Wisconsin the zero funding of LSCA would mean that 14,607 disadvantaged and minority people would lose all library services, 50,000 rural disadvantaged in the northern and western part of the State"—that is my part—"would lose their bookmobile service, which is virtually their entire public library service; 1,115,366 patrons would lose books by mail services, more than 900 hours per week of local library services, and 360 bookmobile hours per week would disappear. Twenty-six employees in the additional library services and 24 employees in local and system libraries will be laid off." That sounds like a pretty big impact to me and I recognize that the State can do something to correct that, but I have no assurance they will. That means that my district, if its interest are not parallel with the judgments made by members of the legislature and the Governor, will be in trouble, won't it?

Mr. **Muirhead**. I would think so. Of course, this is quite in line with letting the States decide their own priorities. I think it would also be helpful for me to share with you that under the public library program, which is also not funded in the 1974 budget, that support for the public library program can be made available under general revenue-sharing.

OTHER TERMINATIONS OF EDUCATION PROGRAMS

Mr. **Obey**. I understand that. We've heard that many times. I just question the wisdom of it. You are not asking for any money for supplementary grants, is that right?

Mr. **Muirhead**. That is right.

Mr. **Obey**. And no money for direct student loans.

Mr. **Muirhead**. No new money for direct student loans. There will be available about $180 million for direct student loans in the revolving funds of institutions.

Mr. **Obey**. On title VI, what would the cost be if you were to provide—and I know that these are 1-year scholarships, but I also know that a good many students go into that area knowing that they have a good shot getting them renewed again and again until they are out of the program—given that assumption, what would the cost be instead of dropping the guillotine on title VI fellowships, of phasing out those fellowship portions of that program?

Mr. **Muirhead**. Our best estimate on that—of course, we would not know how many would continue into the second year, but, if it followed previous practice—it would require about $3.4 million to continue the program into the second year.

Mr. **Obey**. $3.4 million, you say?

Mr. **Muirhead**. Yes.

STUDENTS ELIGIBLE FOR GUARANTEED LOANS

Mr. **Obey**. On page 37, talking about the student loans, it says that for many students guaranteed student loans will be the only available student aid.

Would you give me a profile of the kind of kid who would fall into that situation?

Mr. **Muirhead**. Yes, I would be glad to do that and provide extended statistics for the record.

Let me just share what I have before me.

This is the distribution of loans according to family income. Our records show that the guaranteed student loan program provides about 22 percent of its loans to students in the under-$3,000 adjusted family income.

About 23 percent between $3,000 and $6,000; 23.5 percent between $6,000 and $9,000; 18 percent between $9,000 and $12,000; 10 percent between $12,000 and $15,000; about 2 percent for those $15,000 family income and over.

There are some misconceptions, I think, about the guaranteed student loan program.

[The information follows:]

A profile of the kind of students for whom guaranteed student loans will be the only available student aid.

Those students not qualifying for Basic Opportunity Grants and/or College Work Study in fiscal year 1974 will look to the Guaranteed Student Loan Program as a source of student aid. Generally speaking, students with family incomes over $10,000, graduate students, and students attending the approximately 600 foreign and 3,000 vocational institutions with eligibility limited to the Guaranteed Student Loan Program, will not have access to these two Federal aid programs. In addition, students unable to obtain direct and usually limited institutional aid or other scholarships or grants will turn to the guaranteed loan program.

The most recent period for which data are available to construct a borrower profile is fiscal year 1972. During that year, only 1.8 percent of all borrowers with Federally Insured Loans received aid under the other Federally sponsored programs (CWS, NDEA, NDSL, EOG). Although comparable data are not collected, the same pattern is assumed for the State Agency phase of the program. The general profile for that year would, therefore, be representative of those student relying exclusively on aid under the Guaranteed Student Loan Program.

PROFILE OF GUARANTEED STUDENT LOAN PROGRAM
Fiscal Year 1972

Family Income	Adjusted	Gross
-0-0 - 2,999	21.7	11.8
3,000 - 5,999	23.3	16.2
6,000 - -8,999	22.5	17.8
9,000 - 11,000	17.5	18.4
12,000 - 14,999	10.8	16.3
15,000 - Over	4.2	19.5

Age	
Under 18	3.9
18 - 20	42.7
21 - 24	32.4
25 and up	21.0

Sex	
Male	64.5
Female	34.7
No Response	0.8

Race	
White	73.9
Negro	17.2
Other	4.0
No Response	4.9

Marital Status	
Single	72.2
Married	24.1
No Response	3.7

Enrollement Status	
Full-time	85.6
Half-time	14.4

Aademic Year	
First	39.5
Second	17.7
Third	16.8
Fourth	15.0
Graduate	9.4
No Response	1.6

Mr. OBEY. But that is still not on the pin. I just want you to explain to me exactly what the economic situation is of a kid who, in accordance with this language, will have available to him only a guaranteed student loan.

What income will that family have?

Mr. MUIRHEAD. Who would not be eligible for a basic grant? I am trying to understand the thrust of your question.

Mr. OBEY. I am trying to understand your language. Explain to me so I can understand what you mean when you say "for some students, guaranteed student loans will be the only available student aid."

What kind of students are you talking about?

Mr. MUIRHEAD. They would be students coming from families in upper middle income brackets.

Mr. OBEY. How do you define that?

Mr. MUIRHEAD. Our definition of that would be that students who come from families that would not be eligible for basic opportunity grants, and that runs up to the $10,000 to $12,000 group. There would be some students in the $12,000 to $15,000 income level who could qualify for college work study under certain circumstances. For an undergraduate, the needs analysis might indicate an expected family contribution of $1,400. That would mean no basic grant. He still might need a loan. He might, or might not get a work-study job.

Mr. OBEY. What about graduate students?

Mr. MUIRHEAD. A graduate student would not be eligible for a basic grant. He might obtain a work-study job or a direct loan, depending on his situation and the situation at his school.

Mr. OBEY. Assuming that the interest cost on that is 6½ percent, which I think is a reasonable assumption—it could be higher, is that right?

Mr. MUIRHEAD. The interest rate for the guaranteed student loan program is 7 percent.

Mr. OBEY. If it is 7 percent, I come back to the same question I asked last week and to which you were going to supply for the record.

I wonder if you have the information now.

EXAMPLE OF A GUARANTEED STUDENT LOAN

Take a graduate student who stays 3 years. Let us make an unlikely assumption that he has been able to go through college on a cash basis and does not owe a dime for undergraduate work. If he goes to graduate school for 3 years, what is the maximum he can borrow each year?

Mr. MUIRHEAD. He can borrow up to a maximum of $10,000.

Mr. OBEY. If he borrows $10,000 and marries a girl who is also a graduate student, after they both get out of college, if they both borrowed the maximum they have $20,000 which they owe; is that right?

Mr. MUIRHEAD. That is right.

Mr. OBEY. What would be the total pay out for that including principal and interest over the life of that repayment?

Mr. MUIRHEAD. I would have to supply that for the record.

In that rather extreme situation you mentioned where both the graduate student and his wife have both borrowed up to the maximum of $10,000 each, obviously the very first thing you would say is that they would have to pay the interest on that and the interest would be $1,400 a year. We can provide for the record what the annual payment would be over the 10-year period.

Mr. Obey. I would like that, but I would also like to know the total amount. It should be an easy figure to get. I want in the record the total cost for that kid.

Mr. Muirhead. Yes; and his wife or that family.

Mr. Obey. Yes; for that family.

Mr. Muirhead. We will be glad to do that.

[The information follows:]

If a husband and wife both borrowed the maximum of $10,000 each (total $20,000), at 7 percent simple interest per annum, and elected to repay over 10 years in 120 monthly installments, the monthly payment and total payments would be applied as follows:

	Monthly[1] payment	Principal	Interest	Total principal and interest
Husband	$116.20	$10,000	$3,928.24	$13,928.24
Wife	116.20	10,000	3,928.24	13,928.24
Total	232.40	20,000	7,856.48	27,856.48

[1] Final installment to be adjusted.

Mr. Obey. Mr. Chairman, I think that is all, given the time.

Mr. Flood. Mrs. Green.

ADJUSTMENTS FOR GI BENEFITS UNDER BOG PROGRAM

Mrs. Green. I would say first of all I do not think Mr. Obey's example is an extreme situation. It may not be $10,000 for the graduate but what they must borrow for undergraduate and graduate the way you are moving there would be lots of students that would have borrowed the $10,000. Let me go back to the GI. Some figures you used a moment ago, if we say it is 9 months for the GI and he has the $980, then he would be entitled to $420; is that right?

Mr. Muirhead. That is right.

Mrs. Green. If there is 60-percent funding, what would the GI get?

Mr. Voigt. At less than full funding you then go immediately into the one-half of need limitation. You reduce the awards under less than full funding by percentages depending on the amount of the award. Any award that is less than $600 would be reduced by 50 percent.

So that student would get one-half of the $410 or $205.

Mrs. Green. At 60-percent funding.

Mr. Voigt. That is right.

Mrs. Green. If we do as the law requires and fund EOG, work-study and NDEA, these would be left out of $872 million—$219 million, which you say would not be a viable program. That would be 20-percent funding.

Mr. Voigt. You are correct.

Mrs. Green. You would have a fifth of $420 or less than $100 that the GI would get under BOG.

Mr. Voigt. That is right.

Mrs. Green. Under the Economic Opportunity grant this would not be the case. The GI, if he needed the money, would still be able to get up to $1500, is that not right?

Mr. Voigt. I think that is right.

STATUS OF CONTRACT TO IMPLEMENT BOG

Mrs. Green. The contracts from college scholarships college testing or ACT were supposed to be in a week ago today.

Mr. Voigt. The bidders who wished to contract for the processing of family contribution statements were submitted a week ago.

Mrs. Green. Did they come in?

Mr. Voigt. Yes, they did.

Mrs. Green. What are the results?

Mr. Voigt. We are at the moment in the last phase of evaluating the proposals and we expect to be issuing a contract either this coming Saturday or next Monday.

Mrs. Green. What is the cost per student?

Mr. Voigt. Because of the way the evaluation process works for a contract of this kind, we have not yet had a look at the cost proposals. We first do a technical evaluation of the proposal, complete a rating on the proposal and then look at the cost.

We have not had the cost proposal.

Mrs. Green. Is it within the ballpark you suggested the other day, that it will be between a dollar or a dollar and a half a student?

Mr. Voigt. I honestly can say we have not yet looked at the cost.

Mrs. Green. You will have it by this Saturday?

Mr. Voigt. We are hoping to issue a letter contract by either Saturday or Monday.

Mrs. Green. Then you would know by that time so we could know by next week.

Mr. Voigt. That is right.

INSTITUTIONAL REQUESTS FOR STUDENT AID

Mrs. Green. On the estimate that you have provided for 1,577,000 students in fiscal year 1974 at full funding, those would be the ones that you would think would be eligible for BOG.

At this point in the record would you supply the institutional requests for the fiscal year 1974 for all of the student aid programs, and the panel approved amounts for the various States?

Mr. Muirhead. Yes.

Mrs. Green. For all of the programs.

[The information follows:]

INSTITUTIONAL REQUESTS FOR STUDENT AID

[In millions of dollars]

	Estimated	
	Gross Request	Panel Approved
CWSP	538.7	484.8
NDSL	686.2	583.3
SEOG IY	401.9	333.6
SEOG RY	161.9	147.3
SEOG total	563.8	480.9
Total	1,788.7	1,549.0

Mrs. GREEN. Do you have at this time any estimate what that would be?

Mr. MUIRHEAD. No; but we certainly will get it for the record.

Mrs. GREEN. Does it square with your idea that "the commitment is aimed at making the entire range of post-secondary educational opportunity available to all who seek them without regard to the student's economic or social status"? You say that you will, at full funding, provide $1,577,000 BOG's. Would you hazard a guess whether those two statements square with each other and with the institutional requests for the various programs or the panel approved requests?

Mr. MUIRHEAD. I would hazard a guess and would more or less be raising my own petard in hazarding that guess. The figure we are presenting to you of $959 million would provide basic opportunity grants to all eligible students seeking post-secondary education.

Mrs. GREEN. But, Dr. Muirhead, that is not the same as your preceding statement. You say to all eligible students. Above you do not say all "eligible under BOG." You say this commitment is aimed at making the entire range of post-secondary educational opportunities available to all who seek them—not to all who you have decided are eligible under BOG.

That is a beautiful statement, but it does not seem to me it squares with the facts at all.

Mr. Obey pointed out that it does not give any to graduate students and the entire range of post-secondary educational opportunities has to include graduate students.

Mr. MUIRHEAD. The statement I suppose should be qualified by saying that it would extend basic opportunity grants to all students who are in financial need and who are seeking post-secondary education.

DETERMINATION OF FINANCIAL NEED

Mrs. GREEN. You decide who is in financial need according to the national standard you want to impose.

Mr. MUIRHEAD. Yes; and according to a standard that is generally accepted and has been in general use in colleges for a long time.

Mrs. GREEN. We have just gone through the GI benefits and BOG's. There will be a lot of GI's in need and you knock them out under your recommendations of family contribution. Under EOG they were entitled to it. Under BOG they are entitled to a very small amount, but still they may be very needy students.

Mr. MUIRHEAD. We will, of course, apply the same measure of need to the GI as we do to the nonGI. If he is in need and he already has the $220 a month for 9 months, we will credit only half of it.

Mrs. GREEN. I am aware of that, I was trying to point out that EOG treats the GI entirely different on the basis of need than the BOG does.

Mr. MUIRHEAD. You are quite right.

STUDENT AID POLICY COMPARED WITH "WORK FARE" POLICY

Mrs. GREEN. Let me ask one final question.

The President has spoken very eloquently about his belief in work fare and individual initiative. The administration is on record, and you have referred to it in the revenue sharing, that it wants to return more and more authority to the State and the local governments. The BOG is the only program that I can think of at this moment—there may be some others—that violate both of those concepts. Under your recommendation you increase fivefold the outright grants, you give $20 million less for work-study than you gave last year, and the college population is increasing, and you recommend phasing out NDEA except for what is left in the revolving fund.

So you are saying it seems to me, just the opposite of what the President is saying. He thinks there is great merit in people working and earning and paying back. Second, in your revenue sharing you are going to return more authority to the State and local institutions.

Economic opportunity grant has always been decided at the institutional level and by the student financial aid officer. Now for the first time in student financial aid you are reversing and saying we are going to centralize it in Washington. You are going to have for the first time ever in the student aid programs a "national standard" on family contribution.

The Office of Education will decide, and the institution or the student financial aid officer at the local institution has to abide by what you say.

How do you square this with the general administration policy? Isn't there a conflict?

Mr. MUIRHEAD. Let me take up the work fare part of the question first.

Indeed the administration has stressed the importance of that. But the President has also said that the time has come to open up educational opportunities for all students from low-income families. I am paraphrasing the words of the President in that regard.

He is saying in effect, let us see to it that young people from low-income families have an even chance to go on with their college. The program that is before you, Mrs. Green, will require almost all BOG students to work, because in no case will they get a grant which is more than one-half the cost of education at the institution.

Mrs. GREEN. That is not my question.

My question is, Why do you increase the grants fivefold and decrease the opportunities for people to work?

Mr. MUIRHEAD. The reason why we are proposing that and why it is in accord with what the President has said is that he is saying there should be a level of equity from which all young people will start. If they have to work then we should do something about equating what the family contribution is.

If a youngster from a family of $8,000 can expect this family contribution, then we ought to be able to provide a grant to a youngster from a family of $5,000 that will put him on an equal footing. Then he can work. But he should not have to borrow more or work more just because he comes from a low-income family.

Mrs. GREEN. I suspect you have written the President's statements in this regard and perhaps the President is not aware of the fact that there are opportunities now—and there have been under these four programs for any student, regardless of the financial status of the father's pocketbook, to continue postsecondary education.

The President may have been misled that this opportunity does not now exist. I know of no study, and I know of no indication from any group that there are lots of students that are not going to college today who want to go. I firmly believe that any student, who is motivated, can go to college under the present programs if he wants to. Let us go to the second one, the concentration of authority.

Mr. MUIRHEAD. Yes.

NATIONAL STANDARD FOR DETERMINING FINANCIAL NEED

In order to carry out the concept of the entitlement provision of basic opportunity grants, it seemed reasonable that there should be a single national standard for determining financial need.

Mrs. GREEN. Why in this case and not in any other programs under revenue sharing?

Why don't you require a national standard on everything that you suggested should come under revenue sharing?

Mr. MUIRHEAD. I cannot really make the comparison between this program and special revenue sharing. We are dealing with students in this program. Special revenue-sharing for the most part is dealing with institutions and State education departments and local agencies. We are dealing with individual students in this regard. Our rationale—and I am sure your rationale is not the same—is that it would be better to have a common financial means test so that a youngster in any part of the country can receive assurance as to what his entitlement might be.

Mrs. GREEN. How would you compare that with title I with disadvantaged students? What about disadvantaged students—you want it under revenue sharing?

Mr. MUIRHEAD. Under disadvantaged students we do have a means of targeting the funds on districts where there is a high incidence of low-income youngsters.

Mrs. GREEN. You are not asking for a national standard that every kid gets the same. You are going to leave it up to the State to decide. At the college level you do not want to leave it up to the State or any institution.

Mr. MUIRHEAD. I guess I do have to say that the title I program is not intended to provide vouchers for students. The title I program is intended to provide funds for school districts to serve students.

The BOG program is intended to provide an entitlement voucher to an individual student which he will take to an institution. It is not quite as centralized as I think you are indicating because once having determined what the student's entitlement is then he goes to his college or his postsecondary institution and the student financial aid officer at that institution determines what the amount of the grant will be.

Also, he brings into play all of the other student financial aid programs that are available.

Mrs. GREEN. I thank you for your answer, as you see it.

BOG GUIDELINES

Mr. OBEY. May I add one comment in closing? Dr. Muirhead, I have no antipathy to the BOG program. But I will be frank with you. Coming from the kind of district I come from, which is loaded with farm families, which is loaded with ma and pa main street businesses, the guts of those communities are farmers and small business people. Unless something is done to change the asset problem, which I am told by competent representatives of both groups is unfair, there is just no way that I am going to vote for anything that is labeled BOG for this academic year, because I think it will be less responsive, if my understanding of it is correct, to the needs of my people than the present programs. That may not necessarily be true nationally, but in an area which has a great number of very small business people and a lot of farmers, especially small operators, as mine has—I do not have any giant corporation farms, I just have small ma and pa shops and maybe a little hired help—I do no see how they can benefit from the guidelines you have suggested.

Mr. MUIRHEAD. The guidelines we have suggested are not markedly different from the guidelines that have been used by student financial aid officers for a long, long time in determining what a student's financial need is. The question of taking into consideration the assets of a family is a well-established concept in student financial aid circles.

Mr. OBEY. It is the definition of what is a real asset that hangs up especially the farm families.

Mr. MUIRHEAD. I can well understand and we have had extended discussions on this whole question.

Mr. OBEY. But you have not altered your position.

Mr. MUIRHEAD. We have not found a rationale for saying that a family living in a small town earning $5,000 and having no assets should be treated the same as a family that has a farm and has a net income of $5,000 and assets of $50,000. We cannot come up with a reasonable explanation why those two families should be treated the same.

Mr. OBEY. If you want, I will take you out to a few farms in my district sometime and I think they will be able to show you why.

Mr. FLOOD. At 10 o'clock tomorrow morning we will continue with higher education.

THURSDAY, MARCH 15, 1973.

Mr. FLOOD. Let us proceed.

PROPOSED FUNDING FOR BOG AND DIRECT LOANS

Mr. SMITH. I am trying to understand how this BOG proposal will work. I know a few of these figures have been in here before, but it will not hurt to have them again because it is a far-reaching proposal, involving nearly $1 billion.

Now, as I understand it, you are proposing for direct loans of $5 million only, but there will be in the revolving fund a total of how much?

Mr. MUIRHEAD. About $180 million, Mr. Smith. There includes a carryover from fiscal 1973 of $23.6 million in new Federal capital contributions.

Mr. SMITH. Will that make a total of $206 million in direct loans.

Mr. MUIRHEAD. For NDA type loans, there will be about $180 million in lendable funds.

Mr. SMITH. For work-study, you are proposing $261 million.

Mr. BAREFOOT. $250 million.

Mr. MUIRHEAD. $250 million.

Mr. SMITH. BOG is $959 million?

Mr. MUIRHEAD. That is right.

NUMBER OF STUDENTS AIDED

Mr. SMITH. Now, what are the estimates on the total number of students who will receive BOG's?

Mr. MUIRHEAD. We expect about one and a half million students will receive BOG's.

Mr. SMITH. How many received equal opportunity grants in this year?

Dr. OTTINA. 300,000.

Mr. SMITH. How many received work-study this year?

Mr. HERRELL. 454,000.

Mr. SMITH. How many will receive work-study under——

Dr. OTTINA. Excuse me, you are talking about this 1972–73?

Mr. SMITH. That would be under the 1972 budget. The law has been changed now on eligibility for work-study, is that right?

Dr. OTTINA. That is right.

Mr. SMITH. How many would receive work-study under the money in this bill?

Dr. OTTINA. The figure just given to you is slightly in error; it is 560,000.

Mr. SMITH. How many under the budget in 1974?

Mr. MUIRHEAD. For work-study, we expect to have 545,000.

Mr. SMITH. It is less because there is less money?

Mr. MUIRHEAD. Yes. It is slightly less. The total for college work-study in the present college year, 1972–73, is 500,000——

Mr. SMITH. How many additional ones would be eligible because there is a change in the law? Is there a way to estimate that?

Mr. MUIRHEAD. I do not know how we could predict how many additional would be eligible, but in our projections we have computed the number that would receive work-study support if the average grant were about the same.

AVERAGE AMOUNT PER STUDENT

Mr. SMITH. You are projecting then the average grant would be the same even though there would be more people? That cannot be.

Dr. OTTINA. The average grant projected for academic year 1974–75 for the work-study would be approximately $553; the average grant for academic year 1972–73, which corresponds to the 560,000 figure that I gave you earlier would be about $580.

Mr. SMITH. And on direct loans, what would the two figures be, the average grants?

Dr. OTTINA. The average grants for direct loans in 1972–73 would be $690; for 1973–74, $600.

EXAMPLES OF BOG DISTRIBUTION

Mr. SMITH. Now this table that you have proposed to use for distribution of BOG's, let's see if it works the way I think it does.

I just took three or four examples.

For example, if it is a widow with one child and she has $3,032, and she pays $32 Federal income tax, then she has an effective family income of $3,000, is that right? Then she would receive an employment offset of half of that because she is head of the household, right? That leaves $1,500 of that discretionary income, would be expected to contribute any of that.

Dr. OTTINA. No, sir.

Mr. SMITH. What is correct?

Mr. VOIGT. That would be the expectation from income. I am sorry, no. We then take off the allowance for the size of the family.

Mr. SMITH. But she is by herself.

Mr. VOIGT. That is a two-member family.

Mr. SMITH. Does the child count as part of the two-member family?

Mr. VOIGT. Yes. So with a family size offset of $2,800, there would be zero discretionary income.

Mr. SMITH. As far as her income, she is not expected to contribute out of that?

Mr. VOIGT. That is correct.

Mr. SMITH. But she has a $20,000 equity in a home. So you subtract $7,500 from that and that leaves $12,500 in assets?

Mr. VOIGT. That is right.

Mr. SMITH. She is expected to contribute 5 percent of that, or $625?

Mr. VOIGT. That is right.

Mr. SMITH. So the child of that widow who has a $20,000 home and $3,000 a year job, will be expected to contribute $625.

Now let's take the father and mother with two children. He makes $6,893, she makes $3,000, that is a total of $9,893; they pay $893 in income tax, that leaves $9,000. The family size offset is half of her salary, $1,500.

Mr. VOIGT. $1,500 is the employment expense offset. The family size offset would be $4,300, making the total offset $5,800.

Mr. SMITH. That makes $5,800. That leaves $3,100 as discretionary income and they contribute 20 percent of that, and that is $620.

Mr. VOIGT. That is right.

Mr. SMITH. They do not have any equity in a property, so there is a man and his wife who make $6,893, they contribute within $5 of the same amount as the widow with one child and $3,000 income.

Mr. VOIGT. Isn't their income $9,893?

Mr. SMITH. Yes, they make $9,893. I am sorry, I said $6,000.

Dr. OTTINA. That would be correct.

PROPOSAL FOR SPECIAL CHART PRESENTATION OF BOG

Mr. Smith or Mr. Chairman, perhaps I should address this question to you. It appears that we have been discussing the basic opportunity grant family contribution schedule and how it functions.

May I offer the suggestion that perhaps we could make a presentation to you for like a half-hour Friday to go over all of these kinds of details; would that be helpful?

Mr. FLOOD. No. We already have a schedule for Friday morning.

Mr. MILLER. I think our concern, Mr. Chairman, and I do not know whether you can possibly squeeze it into your schedule, is that the subject just did not come through as clearly as I think we can present it. We would like a little time to make a chart presentation if it can possibly be arranged.

Mr. Flood. I think it is remote, but we will certainly try.

Mr. Miller. Of all the subjects we have discussed, this one has aroused the most interest.

FURTHER EXAMPLES OF BOG AWARDS

Mr. Smith. Suppose the widow had five children, her offset would exceed her income. She still has the $20,000 house. Does the excess in the offset reduce the contribution from the assets?

Dr. Ottina. No.

Mr. Smith. So the widow with five children also contributes $625, with a $3,000 income.

Dr. Ottina. Under the case you have with the $20,000 equity.

Mr. Smith. And there is no credit for State income tax, is that correct?

Dr. Ottina. That is correct.

Mr. Smith. In some States it is 10 percent, some it is zero.

Dr. Ottina. That is correct.

Mr. Smith. In this case I had the parents live together, so they make a $620 contribution; but, if they were separated and she paid $1 less than half toward the expense of the child, she would not have to make any contribution, right?

Mr. Voigt. That is right.

Dr. Ottina. That presumes that the child was living with the father and it was the father who was the person who claimed that child as a dependent, yes.

Mr. Smith. So if they separate, they do not have to make a $620 contribution?

Mr. Muirhead. That is right.

Dr. Ottina. It would be a different computation. You would have to take the $6,890 and reduce the family size and go through the calculation again. It would not be $620. It would be something else.

Mr. Smith. It comes out less than $50, I think, just as I run it through my head. It is practically nothing. In other words, it is another program where children receive more if the parents separate.

ADJUSTMENT FOR VETERANS BENEFITS

Now another thing: As I understand this regulation, if it is a veteran, you include half of the amount that he received for his dependents.

Mr. Voigt. No. You include half the amount that he received for his dependents, not in the effective student income side, but on the actual adjusted gross income side. So you do not treat dependency allowance the same as you do the educational benefits.

Mr. Smith. That is included in his effective income, right?

Mr. Voigt. Right.

Mr. Smith. But if it is a nonveteran, he does not have to include it, does he?

Mr. Voigt. He would not be receiving dependency allowances.

Mr. Smith. The income that the dependent enjoys, maybe he has a paper route, what happens?

Mr. VOIGT. No. The student's income would not be counted in that family contribution.

Dr. OTTINA. I think we have to distinguish between the independent and the dependent student. If it is the independent student——

Mr. VOIGT. Then the veteran's dependency allowances, not the amounts that he would be receiving for his educational benefits from the VA, would be included as income.

Mr. SMITH. I am talking about, in determining his effective family income you include, if it is a veteran, half of the income of the dependent, is that correct?

Mr. VOIGT. Half of the dependency allowance that he receives for his dependents, if he is a veteran.

Mr. SMITH. It does not say it is limited to veterans' dependency allowance. It says income, does it not?

Mr. FLOOD. Mrs. Green, is this the point you developed at some length?

Mrs. GREEN. Mr. Smith is doing a much better job of it. His examples are superb.

Mr. FLOOD. All of them, yes.

Mrs. GREEN. I think the veteran is terribly penalized.

Mr. SMITH. You add to adjusted family income one-half of the income of the student attributable to the dependents of the student who is a veteran?

Mr. VOIGT. We include in adjusted annual income one-half of the dependency allowance paid to a veteran on behalf of his dependents.

Mr. SMITH. So one-half of the income of the dependent of the student is included if he is a veteran.

Dr. OTTINA. What that is trying to say, and perhaps the language is not sufficiently clear, is that in his allowance from the Government for educational purposes he receives an additional allowance because he has dependents.

Mr. SMITH. Right.

Dr. OTTINA. It is that that we are trying to talk about, not earnings from the dependents.

Mr. SMITH. Earnings are not excluded. If the boy has a paper route, it is included.

Mr. VOIGT. That is not intended to be included.

Dr. OTTINA. In that statement.

Mr. VOIGT. In that statement.

Mr. SMITH. Where is it excluded under your regulations?

Mr. VOIGT. I think we have to reexamine the language of the regulations. We are only intending to include the dependency allowance paid to the student as part of his VA benefits.

Mr. SMITH. OK. So you include it if he is a veteran. What if he is a nonveteran and the child gets money from a trust fund. That is not included, is it?

Mr. VOIGT. Student income is not included.

Mr. SMITH. So the veteran is penalized.

Mr. VOIGT. If the student is a dependent student, which most veterans would not be, his own income would not be included in the calculation. If he is an independent student, which most veterans would be, his income would be included in the calculation of the family contribution.

Mr. SMITH. Well, in your proposed regulation the words "independent students" 190.43, it says "The expected family contribution shall include 100 percent of the student's effective income for the academic year for which aid is requested except that one-half of the portion of effective income of the student attributable to the dependents of the veteran shall be included as a part of and treated as annually adjusted family income."

Mr. VOIGT. Right.

Mr. SMITH. So it applies to both dependent and independent students.

DEFINITION OF STUDENT INCOME

Mr. VOIGT. For purposes of this program, we are defining effective income of the student as social security benefits received for educational purposes and one-half his veteran's educational benefits. So that the only two items——

Mr. SMITH. Where in your regulations do you do that?

Mr. VOIGT. I think I can find the item for you.

Mr. SMITH. Are you talking about on page 3233 in the last column under 3, income from tax-exempt bonds, pensions, capital gains?

Mr. VOIGT. No. That is defined as other income.

Mr. SMITH. Very well. Effective income of student, in the middle column.

Mr. VOIGT. Yes.

Mr. SMITH. For purposes of the basic grants program.

Effective income of student is: That amount of social security benefits paid to or on behalf of the student because he is a student; and, one-half of the amount of veteran's readjustment benefits and/or war orphan's benefits—exclusive of dependency allowances—paid to or on behalf of a student because he is a student.

Mr. VOIGT. Right.

Mr. SMITH. So for purposes of the basic grants program you include that and that makes it all the more clear. But if it is a nonveteran and he has some other kinds of income, such as from a trust fund, it is not included.

Mr. VOIGT. It is not included as effective student income.

Mr. SMITH. That makes it doubly clear that the veteran is being penalized. If the veteran gets this certain kind of income, you include it; if he is a nonveteran, he gets a different kind of income for the child, it is not included.

Mr. VOIGT. The theory is that the veterans' educational benefits permit students to attend educational institutions. We are treating these benefits in that way so we would not be duplicating federally supported educational benefits.

If the veteran is an independent student, and has other income, his other income would not be included.

Mr. SMITH. How long have you been working on these regulations?

Mr. VOIGT. Six, seven months.

Mr. SMITH. It just seems to me that if you are in this kind of shape after 6 or 7 months, it is going to take a minimum of another year to get them straightened out.

Now, another example I used and I just pulled up four or five examples of each type.

VALUE OF ASSETS CONSIDERED UNDER BOG

As I read through there fast, if the independent student has $100,000 in jewelry, that does not count as an asset, is that right?

Mr. **Voigt.** That is right.

Mr. **Smith.** But the poor widow with five children who has a $20,000 home, she has to make a contribution out of that, get a mortgage or something to make a contribution. I know you are in a hurry, Mr. Chairman. I just think there is so much wrong with this that it would take a week to show how it would work.

Mr. **Muirhead.** Mr. Chairman, I would like to comment that we have the regulations now before the appropriate authorization committees and they are being very carefully examined by them.

Second, the point that Mr. Smith made, and the very telling point that he made, about the veterans; that our regulations flow directly from the statute in that regard, in that the statute does say that one-half of the GI benefits shall be used as effective income, as it does also say that social security benefits will be.

Mr. **Smith.** I do not doubt that. Some provisions in the statute have boxed you in. But that is all the more reason why we are in no shape now, it seems to me, to use BOG's as the main program to use for student aid.

Mr. **Muirhead.** We do hope that many of the very good and critical questions that you are raising will also be raised by the congressional authorization committees and will also be raised during the 30-day period in which the regulations will be published and that we can react to them.

Mr. **Flood.** Mr. Shriver.

Mr. **Shriver.** Mr. Muirhead, you have now served in various executive positions, in the U.S. Office of Education for 15 years—through the Eisenhower, Kennedy, Johnson, and now Nixon administrations. An amazing record. You have always been fair and open with this committee since I have been a member, and I want to commend you on your record. We hope you will be coming up here for many years to come. And each of us hopes that he will be here to hear you.

Mr. **Muirhead.** Thank you ever so much, Congressman Shriver, for your gracious and generous remarks. Working with you and our colleagues on this committee has been and continues to be one of the most rewarding experiences of my professional career. I am always impressed with the dedicated work of this committee and, if I may say so, more than a little proud of the manner in which those efforts are invariably directed at strengthening and improving educational opportunities for our children and youth.

Mr. **Shriver.** There has been much discussion in this committee and elsewhere regarding the student aid proposals. However, I would like to ask one or two further questions.

SIZE OF GRANT UNDER BOG COMPARED WITH EOG

Mr. **Shriver.** Would you agree with the statement that more students will have smaller grants under the basic opportunity grants than under the previous economic opportunity grants?

Mr. Muirhead. That is somewhat difficult to reply to given the fact that the overall average award under the previous EOG program was $670 and we are projecting an average award of $629 for basic grants. We do not have data on the average award of EOG recipients by income level which we feel is a more telling comparison. Since the amount of the basic grant awards are dependent on the expected family contribution and the cost of attendance, we expect that the average awards at the lower income levels will be comparable. At the higher income levels it is possible that some EOG recipients could receive higher awards. It is important to note, however, that basic grants would be reaching a much wider range of students. For instance, only 7 percent of the EOG recipients were from families with incomes over $8,500, while more than 30 percent of the basic grant recipients will be in that income category.

ESTIMATED COST OF FULL FUNDING

Mr. Shriver. You are requesting language which would allow you to make up shortfalls in the basic opportunity grant entitlements from the next year's appropriations if necessary—is that correct? I have seen projections of funding needs for this program which have ranged all the way up to $2 billion per year. What is your opinion of those projections? Would this committee be asked for a large supplemental appropriation if these higher projections prove to be correct?

Mr. Muirhead. We are aware of various differences of opinion regarding the amount of funds necessary to fully fund the basic grants program. Our projection of $959 million is based on the best estimates we have at this time. Some of the critical factors we have included in our estimation of costs are: (1) enrollment in postsecondary education by family income; (2) entrance rates of high school graduates by family income, and level of ability; (3) costs of postsecondary education; and (4) the parameters of the proposed family contribution schedule. Our sources of data include census information updated through the current population report, surveys conducted by such organizations as the American Council on Education; and other studies and surveys including studies conducted by our National Center for Educational Statistics. We are, of course, constantly seeking additional data in order to update and refine our projection estimates.

The payment schedule, which will be developed for the program, will be based on our projections of demand and the actual level of funding for the program. We feel that once this payment schedule is distributed and student awards determined on this basis, that the amounts of these awards must be guaranteed for all students for the academic year. It is for this reason that we have requested this appropriation language. We do not expect to have to request large supplementals every year in order to be in a position of guaranteeing student awards. However, it is only fair to say that, until we gain some experience with this program, we will have to reply on our projections of demand.

Again, we should emphasize our continuing efforts to refine our estimates so that such a situation as you describe will not occur.

ACCESS TO PRIVATE INSTITUTIONS

Mr. **Shriver.** Do you agree that the decision to request no supplementary grants will affect private institutions adversely in that lower income students will not have access to them?

Mr. **Muirhead.** No, quite the reverse. Some lower income students currently find it possible to attend private institutions using the existing programs of student financial aid. The amount of funds being requested by this administration for fiscal year 1974 is a substantial increase above any amount ever previously requested or appropriated for student financial aid. This major increase in funds will make it possible for more students from lower income families to choose to attend private colleges—using their basic grants, guaranteed loans, and jobs provided to them by their colleges under the college work-study program—than the number that can currently afford to make such a choice without the availability of basic grants. I view the basic grant program as being much more than an adequate substitute for the current EOG program, which is currently funded at only $210.3 million, as you know.

EFFECT OF MINIMUM WAGE LEGISLATION

Mr. **Shriver.** Concerning the college work-study program, would you comment on the possibility of Congress passing minimum wage legislation and its effect on your budget request for this program?

Mr. **Muirhead.** Thank you for thinking that I might have sufficient wisdom to forecast the actions of Congress, but in this area I must plead ignorance. If such legislation should be enacted, it would not affect either our budget request for college work-study or the real demand for such funds. The amount which a student can earn under the college work-study program is only tangentially related to the wage rate he is paid, since his college work-study award is part of a total "package" of financial aid provided to him by his institution, which is limited to his need. If the minimum wage should be set at a higher level than that which currently applies, some students would be enabled to earn the amount of their CWS awards by working fewer hours than would otherwise have been necessary. However, many students are already paid hourly rates of from $2–$3.50 and would be completely unaffected by an increase in the minimum wage.

STUDENT LOAN MARKETING ASSOCIATION

Mr. **Shriver.** Is it overly optimistic to believe that the Student Loan Marketing Association can be implemented in time to have any real impact for the coming school year?

Mr. **Muirhead.** The recently named board of directors of the Student Loan Marketing Association is optimistic that the association will have a positive impact on lender participation for the coming academic year. Although Sallie Mae may not be operational during the summer and fall when most of the loans for the coming year will be approved, the board is taking other steps to stimulate greater numbers of guaranteed loans. During the next few months, members of the board will speak to various lender groups and school associations throughout the country in an effort to give visability to the association and to encourage the placement of new loans. The fact that the organization does exist and that its ability to buy and sell student loans will become a reality in the relatively near future should result in increased lender participation for the coming year.

Mr. SHRIVER. Have you received any feedback from private lenders to indicate whether this Student Loan Marketing Association will, in fact, have a significant effect on their willingness to participate in the guaranteed loan program?

Mr. MUIRHEAD. Lender reaction to the enactment of the Student Loan Marketing Association legislation has been extremely favorable. Much interest and enthusiasm was shown by lenders and schools attending the 250 workshops on legislative changes held throughout the country during January and February.

Regional offices and State guarantee agencies report that lenders are seeking information on how to participate in Sallie Mae.

MEETING DEMAND FOR DIRECT LOANS WITHOUT FEDERAL CONTRIBUTION

Mr. SHRIVER. You say that about $180 million can be loaned to students under the NDEA direct loan program by using repayments and capital on hand. Would you estimate for us how much longer the Federal Government would have to put in additional capital before this loan fund could become sufficient to operate without Federal funds? This might be a good investment, since a good start has already been made.

Mr. MUIRHEAD. The national direct (formerly Defense) student loan program fund will never be sufficient to meet all the demands against it on a revolving basis as long as: (1) the terms of the loan are so much more favorable than loans made under the federally insured student loan program, thereby generating enormous demand for direct loans; (2) new institutions are permitted to enter the program; (3) the cost of education continues to rise; and (4) there are substantial leakages as a result of various cancellation benefits.

Even if the full amount authorized for new Federal capital contributions were appropriated and made available to institutions, it would not meet current demands since the authorization for fiscal year 1973 was $400 million and the panel recommended funding more than $450 million. The authorization for fiscal year 1974 is also $400 million and the panel recommended funding is estimated to exceed $580 million.

The increased availability of federally insured student loans plus the $180 million expected to be available under the direct loan program from capital on hand and repayments is considered sufficient to meet the total estimated needs for loans. Therefore further appropriations for new Federal capital contributions to the direct loan program are not considered to be a good investment.

STATE POSTSECONDARY EDUCATION COMMISSIONS

Mr. SHRIVER. Your justifications show a request of $3 million for the State postsecondary education commissions. As of last week, all activity in regard to the establishment of these commissions has been halted—is that correct? Then you will not need this $3 million?

Mr. **Muirhead.** In our original request for $3 million for the State postsecondary education commissions, we had anticipated that these agencies as a rule would accept several responsibilities growing out of projects previously funded under titles I, VI, and VII of the Higher Education Act. We are now reviewing this workload to determine if it is sufficient to support using some or all of the $3 million. If it is, it is our understanding that appropriate appropriation language to permit this would not be inconsistent with the intent of the enabling legislation.

Mr. **Shriver.** In announcing this change in plans, Dr. Ottina said you had received almost 500 "substantive responses" from persons in higher education commenting on a preliminary task force report about the commissions. I can imagine this is true, because I received a good number of responses myself from presidents of colleges in our State—all opposed to the task force report. Would you comment on that report?

Mr. **Muirhead.** The preliminary report of the task force on the 1,202 State postsecondary education commissions was circulated in early December to approximately 6,000 members of the postsecondary education community, and was regarded as basically a good piece of work by all who received it. While the preliminary report did precipitate almost 500 substantive responses, by no means were all these responses opposed to it. Those responding were eager to share their concerns about these commissions with us. The majority of the responses raised questions about and commented on particular items in the report. The task force took careful and sincere account of all these comments and incorporated them into a revised report in February. This revised report and the accompanying draft regulations are designed to assist the States in meeting the requirements of the law as simply and as conveniently as possible, allowing sufficient flexibility for the States to tailor the organization and operation of the 1,202 State commissions to meet unique State circumstances and preferences. However, as you are aware, it has been determined not to pursue the establishment of these State commission at this time in light of the fact that the fiscal year 1974 budget provides almost no functions for them to perform

ENTITLEMENT CONCEPT

Mr. **Shriver.** On page 9 of the justifications, it is stated that an increase in appropriation changes the average size but not the number of grants. Would you explain that further? It is correct that both the BOG and the guaranteed student loan programs are essentially "open-ended?" That is, if the students apply and qualify for these assistance programs, we are bound to provide the funds?

Mr. **Muirhead.** Our projections (which are, as we stated previously, based on our current best estimates of demand) indicate that the same number of students will qualify for basic grants in both 1973–74 and 1974–75. Once an eligible student is identified, he is assured of receiving a portion of the available funds. Therefore, the larger the appropriation, the larger the portion of funds to which each eligible student is entitled. This is one of the marked differences between basic grants and the supplemental educational opportunity grants program. Under the former, every student will get a share of the available funds without regard to the level of the appropriation or where he attends school. Under the latter, his award is dependent on both how much is available nationally as well as how much is available at his particular institution.

Unlike basic grants, the financial aid officer can tell a student that while he is eligible for an SEOB he cannot receive one because there are no available funds at that school.

Neither the basic grant nor the guaranteed student loan program are "open-ended" in the traditional sense of the term, however, there is an element of this due to the nature of these programs.

There is no entitlement concept in the guaranteed student loan program. Therefore, no student is assured of receiving a loan. Once a student does receive a loan and qualifies for interest subsidy, however, we are bound to pay that subsidy on his behalf.

Once the payment schedule, family contribution schedule, and cost criteria are in place for the basic grants program, we are committed to making awards to all students who qualify.

For both of these programs we must rely on our projections of demand in making our requests for appropriations.

LIMITED AVAILABILITY OF BANK LOANS

Mr. Robinson. In the administration's overall program to guarantee the higher education opportunity to all worthy students, irrespective of economic status, substantial continued reliance is being placed on loans expected to be made available by financial institutions in the private sector.

From students, parents, and bankers in my congressional district, however, I am receiving strong evidence that this reliance is being overplaced.

Availability of such loans obviously is being severely limited.

Many banks have a policy of nonparticipation in the program.

Most of those still participating are doing so only as an accommodation to valued bank customers, and, even in such cases, some of the banks will lend only to one member of the family.

And yet, this program is publicized as an ongoing Federal program to assist students in financing higher education.

In present circumstances, however, I am reluctant to mention it as a real prospect of help to constituents who inquire of me.

Would you comment on this?

Mr. Muirhead. The guaranteed student loan program has demonstrated dramatic growth in the relatively few years since its inception in late 1965. The loan volume, both nationwide and for the State of Virginia, is reflected in a table I will supply for the record.

[In millions of dollars]

Fiscal year	Nationwide	Virginia
1967	248.5	4.4
1968	435.8	7.0
1969	686.7	9.1
1970	839.7	10.1
1971	1,043.9	10.5
1972	1,301.6	12.6
1973 (1st 8 months)	1,012.3	12.7

While we recognize that some students have had difficulty in certain areas due to limited lender participation, this data reveals that each year, more loans are made than during the prior year. We are confident that the forthcoming implementation of the Student Loan Marketing Association (Sallie Mae) will do much to increase lender participation and provide even greater numbers of students access to this means of financing their education.

CONSIDERATION GIVEN TO SMALL PRIVATE COLLEGES

Mr. ROBINSON. Private colleges are concerned that the elimination or curtailment of the EOG and NDSL program will cause them to lose enrollment, and they need to be able to make firm offers of financial aid to needy students without risking severe strain on their institutional finances, in the event that they guess wrong as to legislative and appropriation actions. What consideration has been given to the problems of the small private colleges in connection with the changes in funding you propose?

Mr. MUIRHEAD. This administration believes that the changes in funding which we are proposing will be of benefit to all students, because they will for the first time be given the financial wherewithal to make a truly free choice as to which institutions they wish to attend, public or private. Many students currently find it financially impossible to choose to attend a private institution, even though some of them who are currently forced to choose a lower cost institution might have chosen a smaller private institution on purely educational grounds. This administration's funding proposals are intended to eliminate such financial considerations as a barrier to a student's making a completely free choice as to which institution to attend, and we believe that the smaller private institutions will benefit if all students are given such freedom from financial constraints.

With regard to the second part of your question, we are all subject to making wrong guesses as to the eventual outcome of legislative or appropriations actions. Acknowledging this human frailty by making conditional commitments of financial aid, subject to the eventual outcome of such actions, has long been a standard financial aid practice. Those institutions which feel they must make firm commitments to some students would of course by wise to limit such commitments to sums which are definitely within their own control.

Mr. FLOOD. Thank you, Dr. Muirhead.

Justification of the Budget Estimates

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Higher Education

Amounts Available for Obligation

	1973	1974
Appropriation (annual)......................	$ 577,500,000	$1,747,914,000
Appropriation (permanent)..................	2,700,000	2,700,000
Proposed rescission........................	44,300,000	---
Proposed amendment.........................	*1,119,510,000	---
Subtotal, appropriations..............	1,655,410,000	1,750,614,000
Comparative transfer to		
"Salaries and expenses"..................	38,000	---
"Postsecondary innovation"...............	10,000,000	---
Subtotal, budget authority............		
Unobligated balance, start of year..........	53,403,185	1,889,053
Unobligated balance, end of year............	-1,889,053	-316,824
Total, obligations....................	1,696,886,132	1,752,186,229

* On a comparable basis the proposed amendment is $1,119,502,000, since $8,000 of the proposed amendment is for the Developing Institution Advisory Committee which is included in the 1974 estimate for Salaries and Expenses.

Obligations by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
	Student assistance:			
28	(a) Grants and work-study:			
29	(1) Basic opportunity grants.	$ 622,000,000	$ 959,000,000	$337,000,000
	(2) Supplemental opportunity grants.................	828,401	---	-828,401
33	(3) Work-study...............	252,784,540	250,000,000	-2,784,540
35	(b) Cooperative education.........	10,750,000	10,750,000	---
36	(c) Subsidized insured loans:			
	(1) Interest on insured loans.................	245,000,000	310,000,000	+65,000,000
	(2) Reserve fund advances....	1,945,000	1,572,229	-372,771
39	(d) Direct loans:			
	(1) Federal capital contributions..................	309,600,000	---	-309,600,000
	(2) Loans to institutions....	1,970,000	---	-1,970,000
	(3) Teacher cancellations....	5,000,000	5,000,000	---
42	Special programs for the disadvantaged:			
	(a) Talent search..................	7,000,000	6,000,000	-1,000,000
	(b) Special services in college....	26,000,000	23,000,000	-3,000,000
	(c) Upward bound...................	42,331,000	38,331,000	-4,000,000
	(d) Educational opportunity centers	---	3,000,000	+3,000,000
45	Institutional assistance:			
46	(a) Strengthening developing institutions................	99,992,000	99,992,000	---
50	(b) Construction:			
	(1) Subsidized loans.........	31,425,191	31,425,000	-191
	(2) State administration and planning...............	3,000,000	---	-3,000,000
53	(c) Language training and area studies......................	2,360,000	1,360,000	-1,000,000
57	(d) University community services.	5,700,000	---	-5,700,000
59	(e) Aid to land-grant colleges:			
	(1) Lump sum payment - Virgin Islands................	6,000,000	---	-6,000,000
	(2) Permanent appropriation (Second Morrill)........	2,700,000	2,700,000	---
60	(f) State postsecondary education commissions..................	---	3,000,000	+3,000,000
61	College personnel development:			
62	(a) College teacher fellowships...	20,000,000	5,806,000	-14,194,000
64	(b) Allen J. Ellender Fellowships.	500,000	500,000	---
65	(c) Fellowships for disadvantaged.	---	750,000	+750,000
	Total....................	1,696,886,132	1,752,186,229	+55,300,097

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Average paid employment...........	1		-1
Personnel compensation:			
Positions other than permanent..	$ 24,100	$ ---	$ -24,100
Personnel benefits................	1,400	---	-1,400
Travel and transportation of persons..........................	4,900	---	-4,900
Printing and reproduction.........	61,600	---	-61,600
Other services, Project contracts.	524,000	300,000	-224,000
Investments and loans.............	313,515,000	1,572,229	-311,942,771
Grants, subsidies and contributions........................	1,380,735,132	1,746,814,000	+366,078,868
Insurance claims and indemnities..	2,020,000	3,500,000	+1,480,000
Total obligations by object..	1,696,886,132	1,752,186,229	+55,300,097

Summary of Changes

1973 Estimated obligations	$1,696,886,132
1974 Estimated obligations	1,752,186,229
Net change	+55,242,706

	Base	Change from Base
Increases:		
A. Built-in:		
1. Student assistance:		
Subsidized insured loans:		
Interest on insured loans	$245,000,000	$ +65,000,000
B. Program:		
1. Student assistance:		
Basic opportunity grants	622,000,000	+337,000,000
2. Special programs for disadvantaged		
Educational opportunity centers.	---	+3,000,000
3. Institutional assistance:		
State postsecondary education commissions	---	+3,000,000
4. College personnel development:		
Fellowships for the disadvantaged	---	+750,000
Total, increases	---	408,750,000
Decreases:		
A. Built-in:		
1. Institutional assistance:		
Aid to land-grant colleges:		
Lump-sum payment-Guam and Virgin Islands	6,000,000	-6,000,000
2. College personnel development:		
College teacher fellowships	20,000,000	-14,194,000
B. Program:		
1. Student assistance:		
Supplementary opportunity grants	828,401	-828,401
Work-study	252,784,540	-2,784,540
Reserve fund advanced	1,945,000	-372,771
Federal capital contributions	309,600,000	-309,600,000
Loans to institutions	1,970,000	-1,970,000
2. Special programs for the disadvantaged:		
Talent search	7,000,000	-1,000,000
Upward bound	42,331,000	-4,000,000
Special services in college	26,000,000	-3,000,000

Decreases: (cont'd)	Base	Change from Base
Program:		
3. Institutional Assistance		
Construction:		
Subsidized loans..................	$31,425,191	$ -191
State administration and planning..	3,000,000	-3,000,000
Language training and area studies.	2,360,000	-1,000,000
University Community services......	5,700,000	-5,700,000
Net decrease..........		-353,449,903
Total, net change............................		+55,300,097

Explanation of Changes

Increases:

A. Built-in:

1. Student assistance:

(a) Subsidies on insured loans.--The $245,000,000 base in 1973 includes $30,000,000 requested by the proposed 1973 budget amendments. The $65,000,000 increase in fiscal year 1974 covers interest benefits, special allowances, and death and disability payments for new loans and loans made in prior years. The loan volume is expected to increase substantially over 1973 because: (1) there will be no new capital for direct loans; (2) the Student Loan Marketing Association will be in operation; and (3) the 1973 level was depressed drastically by the initial insured student loan regulation implementing the Education Amendments of 1972.

B. Program:

1. Student assistance:

(a) Basic opportunity grants.--This budget includes a request for $337,000,000 more in academic year 1974-75 than the $622,000,000 for academic year 1973-74, requested in the proposed 1973 budget amendment. It is estimated that the $959,000,000 will provide full funding, but this will depend upon the needs analysis system approved by Congress. The structure of the program is such that an increase in appropriation changes the average size, but not the number, of grants (except to the extent that it changes the number that are computed at less than $50 and are, therefore, not awarded).

2. Special programs for disadvantaged:

(a) Educational opportunity center.--As authorized by the education amendments of 1972, $3,000,000 is requested to fund the Federal share of these centers which all perform services similar to those of Talent Search and "Special services." They operate in areas of high concentration of low income students who may be interested in any of several postsecondary institutions. The special services program would be reduced by a like amount.

3. Institutional assistance:

(a) State postsecondary education commissions.--An amount of $3,000,000 is requested for the State Commissions authorized by section 1202 of the Higher Education Act of 1965 as amended.

4. College personnel development:

(a) Fellowships for the disadvantaged.--In fiscal year 1974 an amount of $750,000 is requested for this program which previously had been funded by the Office of Economic Opportunity.

Decreases:

A. Built-in:

1. Institutional assistance:

(a) Aid to land-grant colleges: Lump sum payment to Guam and the Virgin Islands.--The 1973 appropriation of $6,000,000 was a one time appropriation to provide an endowment in lieu of a land-grant for Guam and the Virgin Islands.

2. College personnel development:

(a) College teacher fellowships.--The $20,000,000 amount in the proposed 1973 budget amendment includes funds for the third year of fellowships begun in 1971 and an amount to allow returning veterans to resume fellowships interrupted by service. For 1974, only $5,806,000 for the latter is budgeted, a reduction of $14,194,000.

B. Program:

1. Student assistance:

(a) Supplemental opportunity grants.--No new obligational authority is being requested for either 1973 or 1974. The fiscal year 1973 amount of $828,401 was brought forward from 1972.

(b) Work-study.--This program will be funded at $250,000,000 , the same level as that in the proposed 1973 budget amendment. The $2,784,540 in 1973 is unobligated carryover from fiscal year 1972, and will be used in academic year 1972-73. The fiscal year 1973 amount will be for academic year 1973-74 and the fiscal year 1974 amount will be for academic year 1974-75.

(c) Reserve fund advances.--No new funds are being requested in either fiscal year 1973 or fiscal year 1974. The estimated amounts available for obligation are brought forward from prior years. $372,771 less will be available for obligation in 1974 providing the entire estimate of $1,945,000 is obligated in fiscal year 1973.

(d) Federal capital contributions.--No new obligational authority is requested in fiscal year 1974. However, about $180 million in lendable funds will be available in institutional revolving funds during 1974. In addition to loan repayments, amounting to $150 million, there will be $23,600,000 in capital contributions obligated late in 1973 which will go into institutional revolving funds and be available for loans and administrative allowance in 1973-74.

(e) Loans to institutions.--No new obligational authority is requested.

Decreases: (cont'd)

2. Special programs for the disadvantaged:

(a)(b)(c) Talent search, Upward bound and Special services.--The new obligational authority for Talent Search and Upward Bound is the same for both 1973 and 1974. However, $1,000,000 for Talent Search and $4,000,000 for Upward Bound appropriated late in fiscal year 1972 were carried forward to 1973. An amount of $3,000,000 less is being requested for Special Services in 1974 to make funds available for the Educational Opportunity Centers authorized by the Education Amendments of 1972.

3. Institutional assistance:

(a) Construction:

(1) Subsidized loans.--The fiscal year 1973 estimate of $31,425,191 consists of $17,356,191 in carryover and $14,069,000 requested in the 1973 proposed budget amendment. About the same amount, $31,425,000, will be needed in 1974 for annual increments on loans made in prior year. The reduction in 1974 is due to rounding.

(2) State administration and planning.--No funds are requested for this program, but $3,000,000 is requested for activities of the state agencies authorized by section 1202 of the Higher Education Act.

(b) Language training and area studies.--An amount of $1,000,000 is requested in the proposed 1973 budget amendment to fund the final phase of the NDEA VI portion of this program. No new obligational authority is requested in 1974 for NDEA VI. An amount of $1,360,000 is budgeted for the Fulbright-Hays portion for both fiscal years 1973 and 1974.

(c) University community services.--An amount of $15,000,000 was appropriated for this program in 1973. To begin the phase out of this program, a budget amendment to rescind $9,300,000 of this amount has been submitted. The base is therefore $5,700,000. No new obligational authority is sought in 1974.

Authorizing Legislation

Legislation	1974 Authorized	1974 Appropriation requested
Higher Education Act:		
Title III, Strengthening developing institutions.	$120,000,000	$ 99,992,000
Title IV, Student assistance:		
Part A-1 - Basic opportunity grants............	Indefinite	959,000,000
Part A-4 - Special programs for students from disadvantaged backgrounds....................	100,000,000	70,331,000
Part B - Low interest, insured loans to students..................................	Indefinite	310,000,000
Part C - Work-study..............................	390,000,000	250,000,000
Part D - Cooperative education.................	10,750,000	10,750,000
Part E - Direct loans:		
Capital contributions........................	400,000,000	---
Loans to institutions........................	3,254,425	---
Teacher cancellations........................	Indefinite	5,000,000
Title VII, Construction:		
Section 745 - Annual interest grants...........	65,750,000[1]	31,425,000
Title IX, Graduate programs:		
Part B - Graduate fellowships for careers in postsecondary education........................	2/	5,806,000
Part D - Fellowships for other purposes, (a) (2) disadvantaged........................	1,000,000	750,000
Title XII, General provisions:		
Section 1202 - State postsecondary education commissions................................	Indefinite	3,000,000
Mutual Educational and Cultural Exchange Act of 1961 (Fulbright-Hays)........................	Indefinite	1,360,000
Emergency Insured Student Loan Act of 1969.........	Indefinite	3/
Public Law 92-506 - Allen J. Ellender Fellowships..	500,000	500,000

1/ The limit is on payments rather than on appropriations.
2/ 7,500 new fellowships plus continuation costs.
3/ Included in low interest loans, Part B, Title IV of the Higher Education Act.

HIGHER EDUCATION ACT OF 1965

(P.L. 89-329)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Higher Education Act of 1965".

TITLE III—STRENGTHENING DEVELOPING INSTITUTIONS

AUTHORIZATION

SEC. 301. (a) The Commissioner shall carry out a program of special assistance to strengthen the academic quality of developing institutions which have the desire and potential to make a substantial contribution to the higher education resources of the Nation but which are struggling for survival and are isolated from the main currents of academic life.

(b) (1) For the purpose of carrying out this title, there are authorized to be appropriated $120,000,000 for the fiscal year ending June 30, 1973, and for each of the succeeding fiscal years ending prior to July 1, 1975.

(2) Of the sums appropriated pursuant to this subsection for any fiscal year, 76 per centum shall be available only for carrying out the provisions of this title with respect to developing institutions which plan to award one or more bachelor's degrees during such year.

(3) The remainder of the sums so appropriated shall be available only for carrying out the provisions of this title with respect to developing institutions which do not plan to award such a degree during such year.

SUBPART 1—BASIC EDUCATIONAL OPPORTUNITY GRANTS

BASIC EDUCATIONAL OPPORTUNITY GRANTS: AMOUNT AND DETERMINATIONS; APPLICATIONS

SEC. 411. (a) (1) The Commissioner shall, during the period beginning July 1, 1972, and ending June 30, 1975, pay to each student who has been accepted for enrollment in, or is in good standing at, an institution of higher education (according to the prescribed standards, regulations, and practices of that institution) for each academic year during which that student is in attendance at that institution, as an undergraduate, a basic grant in the amount for which that student is eligible, as determined pursuant to paragraph (2).

(2) (A) (i) The amount of the basic grant for a student eligible under this subpart for any academic year shall be $1,400, less an amount equal to the amount determined under paragraph (3) to be the expected family contribution with respect to that student for that year.

(ii) In any case where a student attends an institution of higher education on less than a full-time basis during any academic year, the amount of the basic grant to which that student is entitled shall be reduced in proportion to the degree to which that student is not so attending on a full-time basis, in accordance with a schedule of reductions established by the Commissioner for the purposes of this division. Such schedule of reductions shall be established by regulation and published in the Federal Register not later than February 1 of each year.

(B) (i) The amount of a basic grant to which a student is entitled under this subpart for any academic year shall not exceed 50 per centum of the actual cost of attendance at the institution at which the student is in attendance for that year.

. . . . .

(ii) No basic grant under this subpart shall exceed the difference between the expected family contribution for a student and the actual cost of attendance at the institution at which that student is in attendance. If with respect to any student, it is determined that the amount of a basic grant plus the amount of the expected family contribution for that student exceeds the actual cost of attendance for that year, the amount of the basic grant shall be reduced until the combination of expected family contribution and the amount of the basic grant does not exceed the actual cost of attendance at such institution.

(iii) No basic grant shall be awarded to a student under this subpart if the amount of that grant for that student as determined under this paragraph for any academic year is less than $200. Pursuant to criteria established by the Commissioner by regulation, the institution of higher education at which a student is in attendance may award a basic grant of less than $200 upon a determination that the amount of the basic grant for that student is less than $200 because of the requirement of division (i) and that, due to exceptional circumstances, this reduced grant should be made in order to enable the student to benefit from postsecondary education.

(iv) For the purpose of this subparagraph and subsection (b) the term "actual cost of attendance" means, subject to regulations of the Commissioner, the actual per student charges for tuition, fees, room and board (or expenses related to reasonable commuting), books, and an allowance for such other expenses as the Commissioner determines by regulation to be reasonably related to attendance at the institution at which the student is in attendance.

(3)(A)(i) Not later than February 1 of each year the Commissioner shall publish in the Federal Register a schedule of expected family contributions for the succeeding academic year for various levels of family income, which, except as is otherwise provided in division (ii), together with any amendments thereto, shall become effective July 1 of that year. During the thirty-day period following such publication the Commissioner shall provide interested parties with an opportunity to present their views and make recommendations with respect to such schedule.

(ii) The schedule of expected family contributions required by division (i) for each academic year shall be submitted to the President of the Senate and the Speaker of the House of Representatives not later than February 1 of that year. If either the Senate or the House of Representatives adopts, prior to May 1 of such year, a resolution of disapproval of such schedule, the Commissioner shall publish a new schedule of expected family contributions in the Federal Register not later than fifteen days after the adoption of such resolution of disapproval. Such new schedule shall take into consideration such recommendations as may be made in connection with such resolution and shall become effective, together with any amendments thereto, on July 1 of that year.

(B)(i) For the purposes of this paragraph and subsection (b), the term "family contribution" with respect to any student means the amount which the family of that student may be reasonably expected to contribute toward his postsecondary education for the academic year for which the determination under subparagraph (A) of paragraph (2) is made, as determined in accordance with regulations. In promulgating such regulations, the Commissioner shall follow the basic criteria set forth in division (ii) of this subparagraph.

(ii) The basic criteria to be followed in promulgating regulations with respect to expected family contributions are as follows:

(I) The amount of the effective income of the student or the effective family income of the student's family.

(II) The number of dependents of the family of the student.

(III) The number of dependents of the student's family who are in attendance in a program of postsecondary education and for whom the family may be reasonably expected to contribute for their postsecondary education.

(IV) The amount of the assets of the student and those of the student's family.

(V) Any unusual expenses of the student or his family, such as unusual medical expenses, and those which may arise from a catastrophe.

(iii) For the purposes of clause (I) of division (ii), the term "effective family income" with respect to a student means the annual adjusted family income, as determined in accordance with regulations prescribed by the Commissioner, received by the parents or guardian of that student (or the person or persons having an equivalent relationship to such student) minus Federal income tax paid or payable with respect to such income.

(iv) In determining the expected family contribution with respect to any student, any amount paid under the Social Security Act to, or on account of, the student which would not be paid if he were not a student, and one-half any amount paid the student under chapters 34 and 35 of title 38, United States Code, shall be considered as effective income for such student.

(C) The Commissioner shall promulgate special regulations for determining the expected family contribution and effective family income of a student who is determined (pursuant to regulations of the Commissioner) to be independent of his parents or guardians (or the person or persons having an equivalent relationship to such student). Such special regulations shall be consistent with the basic criteria set forth in division (ii) of subparagraph (B).

(4)(A) The period during which a student may receive basic grants shall be the period required for the completion of the undergraduate course of study being pursued by that student at the institution at which the student is in attendance, except that such period may not exceed four academic years unless—

(i) the student is pursuing a course of study leading to a first degree in a program of study which is designed by the institution offering it to extend over five academic years; or

(ii) the student is, or will be, unable to complete a course of study within four academic years because of a requirement of the institution of such course of study that the student enroll in a noncredit remedial course of study;

in either which case such period may be extended for not more than one additional academic year.

(B) For the purposes of clause (ii) of subparagraph (A), a "noncredit remedial course of study" is a course of study for which no credit is given toward an academic degree, and which is designed to increase the ability of the student to engage in an undergraduate course of study leading to such a degree.

(b)(1) The Commissioner shall from time to time set dates by which students must file applications for basic grants under this subpart.

(2) Each student desiring a basic grant for any year must file an application therefor containing such information and assurances as the Commissioner may deem necessary to enable him to carry out his functions and responsibilities under this subpart.

(3)(A) Payments under this section shall be made in accordance with regulations promulgated by the Commissioner for such purpose, in such manner as will best accomplish the purposes of this section.

(B)(i) If, during any period of any fiscal year, the funds available for payments under this subpart are insufficient to satisfy fully all entitlements under this subpart, the amount paid with respect to each such entitlement shall be—

(I) in the case of any entitlement which exceeds $1,000, 75 per centum thereof;

(II) in the case of any entitlement which exceeds $800 but does not exceed $1,000, 70 per centum thereof;

(III) in the case of any entitlement which exceeds $600 but does not exceed $800, 65 per centum thereof; and

(IV) in the case of any entitlement which does not exceed $600, 50 per centum thereof.

(ii) If, during any period of any fiscal year, funds available for making payments under this subpart exceed the amount necessary to make the payments prescribed in division (i), such excess shall be paid with respect to each entitlement under this subpart in proportion to the degree to which that entitlement is unsatisfied, after payments are made pursuant to division (i).

(iii) In the event that, at the time when payments are to be made pursuant to this subparagraph (B), funds available therefor are insufficient to pay the amounts set forth in division (i), the Commissioner shall pay with respect to each entitlement an amount which bears the same ratio to the appropriate amount set forth in division (i) as the total amount of funds so available at such time for such payments bears to the amount necessary to pay the amounts indicated in division (i) in full.

(iv) No method of computing or manner of distribution of payments under this subpart shall be used which is not consistent with this subparagraph.

(v) In no case shall a payment under this subparagraph be made if the amount of such payment after application of the provisions of this subparagraph is less than $50.

(C)(i) During any fiscal year in which the provisions of subparagraph (B) apply, a basic grant to any student shall not exceed 50 per centum of the difference between the expected family contribution for that student and the actual cost of attendance at the institution in which the student is enrolled, unless sums available for making payments under this subsection for any fiscal year equal more than 75 per centum of the total amount to which all students are entitled under this subpart for that fiscal year, in which case no basic grant shall exceed 60 per centum of such difference.

(ii) The limitation set forth in division (i) shall, when applicable, be in lieu of the limitation set forth in subparagraph (B)(i) of subsection (a)(2).

* * * * * * *

Part B—Federal, State, and Private Programs of Low-Interest Insured Loans to Students in Institutions of Higher Education [1]

(Note.—The following provisions govern all loans made under the Student Loan Program between July 1, 1972 and August 18, 1972 or after March 1, 1973.)

STATEMENT OF PURPOSE AND APPROPRIATIONS AUTHORIZED

SEC. 421. (a) The purpose of this part is to enable the Commissioner (1) to encourage States and nonprofit private institutions and organizations to establish adequate loan insurance programs for students in eligible institutions (as defined in section 435), (2) to provide a Federal program of student loan insurance for students or lenders who do not have reasonable access to a State or private nonprofit program of student loan insurance covered by an agreement under section 428(b), (3) to pay a portion of the interest on loans to qualified students which are made by a State under a direct loan program meeting the requirements of section 428(a)(1)(B), or which are insured under this part or under a program of a State or of a nonprofit private institution or organization which meets the requirements of section 428(a)(1)(C), and (4) to guarantee a portion of each loan insured under a program of a State or of a nonprofit private institution or organization which meets the requirements of section 428(a)(1)(C).

(b) For the purpose of carrying out this part—

(2) there are authorized to be appropriated, for payments under section 428 with respect to interest and administrative cost allowances on student loans and for payments under section 437, such sums for the fiscal year ending June 30, 1966, and succeeding fiscal years, as may be required therefor,

SEC. 428. (a)(1) Each student who has received a loan for study at an eligible institution—

(A) which is insured by the Commissioner under this part;

(B) which was made under a State student loan program (meeting criteria prescribed by the Commissioner), and which was contracted for, and paid to the student, within the period specified by paragraph (4); or

(C) which is insured under a program of a State or of a nonprofit private institution or organization which was contracted for, and paid to the student, within the period specified in paragraph (4), and which—

(i) in the case of a loan insured prior to July 1, 1967, was made by an eligible lender and is insured under a program which meets the requirements of subparagraph (E) of subsection (b)(1) and provides that repayment of such loan shall be in installments beginning not earlier than sixty days after the student ceases to pursue a course of study (as described in subparagraph (D) of subsection (b)(1)) at an eligible institution, or

(ii) in the case of a loan insured after June 30, 1967, is insured under a program covered by an agreement made pursuant to subsection (b),

shall be entitled to have paid on his behalf and for his account to the holder of the loan a portion of the interest on such loan (in accordance with paragraph (2) of this subsection) only if at the time of execution of the note or written agreement evidencing such loan his adjusted family income is—

(I) less than $15,000 and the eligible institution at which he has been accepted for enrollment or, in the case of a student who is attending such an institution, at which he is in good standing (as determined by such institution)—

(α) has determined the amount of need for such loan by subtracting from the estimated cost of his attendance at such institution (which, for purposes of this paragraph, means the cost, for the period for which the loan is sought, of tuition, fees, room and board, and reasonable commuting costs) the expected family contribution with respect to such student plus any other resources or student aid reasonably available to such student, and

(β) has provided the lender with a statement evidencing the determination made under clause (I)(α) of this paragraph and recommending a loan in the amount of such need; or

(II) equal to or more than $15,000 and the eligible institution at which he has been accepted for enrollment or, in the case of a student who is attending such an institution, at which he is in good standing (as determined by such institution)—

(α) has determined that he is in need of a loan to attend such institution,

(β) has determined the amount of such need by subtracting from the estimated cost of attendance at such institution the expected family contribution with respect to such student plus any other resources or student aid reasonably available to such student, and

(γ) has provided the lender with a statement evidencing the determination made under clause (II)(β) of this paragraph and recommending a loan in the amount of such need.

(2)(A) The portion of the interest on a loan which a student is entitled to have paid on his behalf and for his account to the holder of the loan pursuant to paragraph (1) of this subsection shall be equal to the total amount of the interest on the unpaid principal amount of the loan which accrues prior to the beginning of the repayment period of the loan, or which accrues during a period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in subsection (e) of this section or in section 427(a)(2)(C);

REPAYMENT BY THE COMMISSIONER OF LOANS OF DECEASED OR DISABLED BORROWERS

SEC. 437. If a student borrower who has received a loan described in clause (A), (B), or (C) of section 428(a)(1) dies or becomes permanently and totally disabled (as determined in accordance with regulations of the Commissioner), then the Commissioner shall discharge the borrower's liability on the loan by repaying the amount owed on the loan.

PART C—WORK-STUDY PROGRAMS

STATEMENT OF PURPOSE; APPROPRIATIONS AUTHORIZED

SEC. 441. (a) The purpose of this part is to stimulate and promote the part-time employment of students, particularly students with great financial need in eligible institutions who are in need of the earnings from such employment to pursue courses of study at such institutions.

(b) There are authorized to be appropriated $225,000,000 for the fiscal year ending June 30, 1969, $275,000,000 for the fiscal year ending June 30, 1970, $320,000,000 for the fiscal year ending June 30, 1971, $330,000,000 for the fiscal year ending June 30, 1972, $360,000,000 for the fiscal year ending June 30, 1973, $390,000,000 for the fiscal year ending June 30, 1974, and $420,000,000 for the fiscal year ending June 30, 1975.

PART D—COOPERATIVE EDUCATION PROGRAM

APPROPRIATIONS AUTHORIZED

SEC. 451. (a) There are authorized to be appropriated $340,000 for the fiscal year ending June 30, 1969, $8,000,000 for the fiscal year ending June 30, 1970, and $10,000,000 for each of the succeeding fiscal years ending prior to July 1, 1975, to enable the Commissioner to make grants pursuant to section 452 to institutions of higher education for the planning, establishment, expansion, or carrying out by such institutions of programs of cooperative education that alternate periods of full-time academic study with periods of full-time public or private employment that will not only afford students the opportunity to earn through employment funds required toward continuing and completing their education but will, so far as practicable, give them work experience related to their academic or occupational objective. Such amounts for the fiscal year ending June 30, 1969, shall also be available for planning and related activities for the purpose of this title.

(b) There are further authorized to be appropriated $750,000 for the fiscal year ending June 30, 1969, and for each of the succeeding fiscal years ending prior to July 1, 1975, to enable the Commissioner to make training, demonstration, or research grants or contracts pursuant to section 453.

(c) Appropriations under this part shall not be available for the payment of compensation of students for employment by employers under arrangements pursuant to this part.

PART E—DIRECT LOANS TO STUDENTS IN INSTITUTIONS OF HIGHER EDUCATION [1]

APPROPRIATIONS AUTHORIZED

SEC. 461. (a) The Commissioner shall carry out a program of stimulating and assisting in the establishment and maintenance of funds at institutions of higher education for the making of low-interest loans to students in need thereof to pursue their courses of study in such institutions.

(b)(1) For the purpose of enabling the Commissioner to make contributions to student loan funds established under this part, there are hereby authorized to be appropriated $375,000,000 for the fiscal year ending June 30, 1972, and $400,000,000 for the fiscal year ending June 30, 1973, and for each of the succeeding fiscal years ending prior to July 1, 1975.

(2) In addition there are hereby authorized to be appropriated such sums for the fiscal year ending June 30, 1976, and each of the three succeeding fiscal years as may be necessary to enable students who have received loans for academic years ending prior to July 1, 1975, to continue or complete courses of study.

(c) Any sums appropriated pursuant to subsection (b) for any fiscal year shall be available for apportionment pursuant to section 462 and for payments of Federal capital contributions therefrom to institutions of higher education which have agreements with the Commissioner under section 463. Such Federal capital contributions and all contributions from such institutions shall be used for the establishment, expansion, and maintenance of student loan funds.

CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE

SEC. 465. (a)(1) The per centum specified in paragraph (3) of this subsection of the total amount of any loan made after June 30, 1972, from a student loan fund assisted under this part shall be canceled for each complete year of service after such date by the borrower under circumstances described in paragraph (2).

(2) Loans shall be canceled under paragraph (1) for service—

(A) as a full-time teacher for service in an academic year in a public or other nonprofit private elementary or secondary school which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965, and which for the purposes of this paragraph and for that year has been determined by the Commissioner (pursuant to regulations and after consultation with the State educational agency of the State in which the school is located) to be a school in which the enrollment of children described in clause (A), (B), or (C) of section 103(a)(2) of title I of the Elementary and Secondary Education Act of 1965 (using a low-income factor of $3,000) exceeds 30 per centum of the total enrollment of that school and such determination shall not be made with respect to more than 50 per centum of the total number of schools in the State receiving assistance under such title I;

(B) as a full-time staff member in a preschool program carried on under section 222(a)(1) of the Economic Opportunity Act of 1964 which is operated for a period which is comparable to a full school year in the locality: *Provided*, That the salary of such staff member is not more than the salary of a comparable employee of the local educational agency, or

(C) as a full-time teacher of handicapped children in a public or other nonprofit elementary or secondary school system; or

(D) as a member of the Armed Forces of the United States, for service that qualifies for special pay under section 310 of title 37, United States Code, as an area of hostilities.

For purposes of this paragraph, the term "handicapped children" means children who are mentally retarded, hard of hearing, deaf, speech-impaired, visually handicapped, seriously emotionally disturbed, or other health-impaired children who by reason thereof require special education.

(3)(A) The per centum of a loan which shall be canceled under paragraph (1) of this subsection is—

(i) in the case of service described in clause (A), or (C), of paragraph (2), at the rate of 15 per centum for the first or second year of such service, 20 per centum for the third or fourth year of such service, and 30 per centum for the fifth year of such service;

(ii) in the case of service described in clause (B) of paragraph (2) at the rate of 15 per centum for each year of such service;

(iii) in the case of service described in clause (D) of paragraph (2), not to exceed a total of 50 per centum of such loan at the rate of 12½ per centum for each year of qualifying service.

(B) If a portion of a loan is canceled under this subsection for any year, the entire amount of interest on such loan which accrues for such year shall be canceled.

(C) Nothing in this subsection shall be construed to authorize refunding any repayment of a loan.

(4) For the purposes of this subsection, the term "year" where applied to service as a teacher means academic year as defined by the Commissioner.

(b) The Commissioner shall pay to each institution for each fiscal year an amount equal to the aggregate of the amounts of loans from its student loan fund which are canceled pursuant to this section for such year. None of the funds appropriated pursuant to section 461(b) shall be available for payments pursuant to this subsection.

TITLE VII—CONSTRUCTION OF ACADEMIC FACILITIES [1]

ANNUAL INTEREST GRANTS

SEC. 745. (a) To assist institutions of higher education and higher education building agencies to reduce the cost of borrowing from other sources for the construction of academic facilities, the Commissioner may make annual interest grants to such institutions and agencies.

(b) Annual interest grants to an institution of higher education or higher education building agency with respect to any academic facility shall be made over a fixed period not exceeding forty years, and provision for such grants shall be embodied in a contract guaranteeing their payment over such period. Each such grant shall be in an amount not greater than the difference between (1) the average annual debt service which would be required to be paid, during the life of the loan, on the amount borrowed from other sources for the construction of such facilities, and (2) the average annual debt service which the institution would have been required to pay, during the life of the loan, with respect to such amounts if the applicable interest rate were the maximum rate specified in section 744(b)(2). The amount on which such grant is based shall be approved by the Secretary.

(c)(1) There are hereby authorized to be appropriated to the Commissioner such sums as may be necessary for the payment of annual interest grants to institutions of higher education and higher education building agencies in accordance with this section.

(2) Contracts for annual interest grants under this section shall not be entered into in an aggregate amount greater than is authorized in appropriation Acts; and in any event the total amount of annual interest grants which may be paid to institutions of higher education and higher education building agencies in any year pursuant to contracts entered into under this section shall not exceed $5,000,000 which amount shall be increased by $6,750,000 on July 1, 1969, and by $13,500,000 on July 1, 1970 and on July 1 of each of the four succeeding years.

(d) Not more than 12½ per centum of the funds provided for in this section for grants may be used within any one State.

(e) No annual interest grant pursuant to this section shall be made unless the Commissioner finds (1) that not less than 10 per centum of the development costs of the facility will be financed from non-Federal sources, (2) that the applicant is unable to secure a loan in the amount of the loan with respect to which the annual interest grant is to be made, from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this title, and (3) that the construction will be undertaken in an economical manner and that it will not be of elaborate or extravagant design or materials. For purposes of this section, a loan with respect to which an interest grant is made under this section shall not be considered financing from a non-Federal source. For purposes of the other provisions of this title, such a loan shall be considered financing from a non-Federal source.

TITLE IX—GRADUATE PROGRAMS

Part B—Graduate Fellowships for Careers in Postsecondary Education

APPROPRIATIONS AUTHORIZED

Sec. 921. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this part.

(20 U.S.C. 1134d) Enacted June 30, 1972, P.L. 92-318, sec. 181(a), 86 Stat. 306.

NUMBER OF FELLOWSHIPS

Sec. 922. (a) During the fiscal year ending June 30, 1973, and each of the two succeeding fiscal years, the Commissioner is authorized to award not to exceed seven thousand five hundred fellowships to be used for study in graduate programs at institutions of higher education. Such fellowships may be awarded for such period of study as the Commissioner may determine, but not in excess of three academic years, except (1) that where a fellowship holder pursues his studies as a regularly enrolled student at the institution during periods outside the regular sessions of the graduate program of the institution, a fellowship may be awarded for a period not in excess of three calendar years, and (2) that the Commissioner may provide by regulation for the granting of such fellowships for a period of study not to exceed one academic year (or one calendar year in the case of fellowships to which clause (1) applies) in addition to the maximum period otherwise applicable, under special circumstances in which the purposes of this part would most effectively be served thereby.

(b) In addition to the number of fellowships authorized to be awarded by subsection (a) of this section, the Commissioner is authorized to award fellowships equal to the number previously awarded during any fiscal year under this section but vacated prior to the end of the period for which they were awarded; except that each fellowship awarded under this subsection shall be for such period of study, not in excess of the remainder of the period for which the fellowship which it replaces was awarded, as the Commissioner may determine.

PART D—FELLOWSHIPS FOR OTHER PURPOSES

PROGRAM AUTHORIZED

SEC. 961. (a) It is the purpose of this part to provide fellowships—

(2) for persons of ability from disadvantaged backgrounds, as determined by the Commissioner, undertaking graduate or professional study.

The demonstration of financial need shall be determined in accordance with regulations prescribed by the Commissioner.

(b)(1) The Commissioner is authorized to award under the provisions of this part not to exceed five hundred fellowships for the fiscal year ending June 30, 1973, and for each of the two succeeding fiscal years. Appropriations made pursuant to section 965 for fellowships awarded under clause (2) of subsection (a) of this section may not exceed $1,000,000 in any fiscal year.

(2) In addition to the number of fellowships authorized to be awarded under paragraph (1), the Commissioner is authorized to award fellowships equal to the number previously awarded during any fiscal year under this part but vacated prior to the end of the period for which they were awarded except that each fellowship awarded under this paragraph shall be for such period of graduate or professional work or research not in excess of the remainder of the period for which the fellowship it replaces was awar[illegible] the Commisioner may determine.

(c) Fellowships awarded under this part shall be [illegible] and professional study leading to an advanced degree [illegible] to the presentation of a doctoral dissertation. Such fellowships may be awarded for graduate and professional study and research at any institution of higher education or any other research center approved for such purpose by the Commissioner. Such fellowships shall be awarded for such periods as the Commissioner may determine but not to exceed three years.

TITLE XII—GENERAL PROVISIONS

STATE POSTSECONDARY EDUCATION COMMISSIONS

SEC. 1202. (a) Any State which desires to receive assistance under section 1203 or title X shall establish a State Commission or designate an existing State agency or State Commission (to be known as the State Commission) which is broadly and equitably representative of the general public and public and private nonprofit and proprietary institutions of postsecondary education in the State including community colleges (as defined in title X), junior colleges, postsecondary vocational schools, area vocational schools, technical institutes, four-year institutions of higher education and branches thereof.

(b) Such State Commission may establish committees or task forces, not necessarily consisting of Commission members, and utilize existing agencies or organizations, to make studies, conduct surveys, submit recommendations, or otherwise contribute the best available expertise from the institutions, interests groups, and segments of the society most concerned with a particular aspect of the Commission's work.

(c)(1) At any time after July 1, 1973, a State may designate the State Commission established under subsection (a) as the State agency or institution required under section 105, 603, or 704. In such a case, the State Commission established under this section shall be deemed to meet the requirements of such sections for State agencies or institutions.

(2) If a State makes a designation referred to in paragraph (1)—

(A) the Commissioner shall pay the State Commission the amount necessary for the proper and efficient administration of the Commission of the functions transferred to it by reason of the designation; and

(B) the State Commission shall be considered the successor agency to the State agency or institution with respect to which the designation is made, and action theretofore taken by the State agency or institution shall continue to be effective until changed by the State Commission.

(d) Any State which desires to receive assistance under title VI or under title VII but which does not desire, after June 30, 1973, to place the functions of State Commissions under such titles under the authority of the State Commission established pursuant to subsection (a) shall establish for the purposes of such titles a State Commission which is broadly representative of the public and of institutions of higher education (including junior colleges and technical institutes) in the State. Such State Commissions shall have the sole responsibility for the administration of State plans under such titles VI and VII within such State.

Mutual Educational and Cultural Exchange Act of 1961

(P.L. 87-256)

AN ACT To provide for the improvement and strengthening of the international relations of the United States by promoting better mutual understanding among the people of the world through educational and cultural exchanges

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Educational and Cultural Exchange Act of 1961".

SEC. 102.

(b) In furtherance of the purposes of this Act, the President is further authorized to provide for—

(6) promoting modern foreign language training and area studies in United States schools, colleges, and universities by supporting visits and study in foreign countries by teachers and prospective teachers in such schools, colleges, and universities for the purpose of improving their skill in languages and their knowledge of the culture of the people of these countries, and by financing visits by teachers from those countries to the United States for the purpose of participating in foreign language training and area studies in United States schools, colleges, and universities;

Emergency Insured Student Loan Act of 1969

(P.L. 91-95)

AN ACT To authorize special allowances for lenders with respect to insured student loans under title IV-B of the Higher Education Act of 1965 when necessary in the light of economic conditions in order to assure that students will have reasonable access to such loans for financing their education, and to increase the authorizations for certain other student assistance programs.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Insured Student Loan Act of 1969".

INCENTIVE PAYMENTS ON INSURED STUDENT LOANS

SEC. 2. (a)(1) Whenever the Secretary of Health, Education, and Welfare determines that the limitations on interest or other conditions (or both) applicable under part B of title IV of the Higher Education Act of 1965 (Public Law 89-329) to student loans eligible for insurance by the Commissioner of Education or under a State or nonprofit private insurance program covered by an agreement under section 428(b) of such Act, considered in the light of the then current economic conditions and in particular the relevant money market, are impeding or threatening to impede the carrying out of the purposes of such part B and have caused the return to holders of such loans to be less than equitable, he is hereby authorized, by regulation

applicable to a three-month period specified therein, to prescribe (after consultation with the Secretary of the Treasury and the heads of other appropriate agencies) a special allowance to be paid by the Commissioner of Education to each holder of an eligible loan or loans. The amount of such allowance to any holder with respect to such period shall be a percentage, specified in such regulation, of the average unpaid balance of disbursed principal (not including interest added to principal) of all eligible loans held by such holder during such period, which balance shall be computed in a manner specified in such regulation; but no such percentage shall be set at a rate in excess of 3 per centum per annum.

(c)(1) There are hereby authorized to be appropriated for special allowances as authorized by this section not to exceed $20,000,000 for the fiscal year ending June 30, 1970, $40,000,000 for the fiscal year ending June 30, 1971, and for succeeding fiscal years such sums as may be necessary.

Public Law 92-506
92nd Congress, S. J. Res. 265
October 19, 1972

Joint Resolution

To provide grants for Allen J. Ellender fellowships to disadvantaged secondary school students and their teachers to participate in a Washington public affairs program.

SEC. 5. There are authorized to be appropriated not to exceed $500,000 for the fiscal year ending June 30, 1973, and for each of the two succeeding fiscal years to carry out the provisions of this joint resolution.

Explanation of Transfers

	1973 Estimate	Purpose
Comparative transfer to:		
Salaries and expenses	$ 38,000	To consolidate costs of advisory committees with other administrative expenses in "Salaries and expenses."
Postsecondary innovation	10,000,000	Since this program is to be administered by the Assistant Secretary for Education, it is being transferred from the Higher Education Appropriation which is administered by the Office of Education.

Higher Education

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$ 421,658,000	$ 163,568,000	$ 163,568,000	$ 165,068,000
1965	511,640,000	498,890,000	498,890,000	554,600,000
1966	977,908,000	902,108,000	912,108,000	971,231,000
1967	1,073,494,000	1,164,307,000	1,151,507,000	1,156,307,000
1968	1,153,650,000	1,132,150,000	1,132,150,000	929,255,000
1969	823,020,000	6,920,000	786,852,000	778,620,000
1970	798,284,000	867,833,000	1,009,074,000	831,734,000
1971	837,725,000	880,180,000	1,014,970,000	941,180,000
1972	1,892,754,000	1,193,344,000	1,782,174,000	1,409,354,000
1973	1,463,288,000	---	---	---
1973 Supplemental	499,100,000	---	679,922,000	567,470,000
1973 Proposed Rescission	-44,300,000			
1973 Proposed Amendment	1,119,502,000			
1974	1,747,914,000			

NOTE: All figures are comparable with the 1974 estimate. Excluded are funds for Postsecondary Innovation and the Advisory Committees for Financial Aid to Students and for Developing Institutions. (The actual 1973 proposed amendment is $1,119,510,000 but for comparability with the 1974 estimate, the $8,000 requested for the Developing Institutions Advisory Committee is not included above.) Figures for earlier years include appropriate amounts requested and appropriated under "Higher Education Facilities Construction," "Further Endowment of Colleges of Agriculture and the Mechanic Arts," and "Education in Foreign Language and World Affiars."

General Statement

This justification includes an amended request for 1973 as well as the budget request for 1974. The initial request for 1973 was submitted before enactment of the Education Amendments of 1972. The balance of that request was cancelled in October when the Administration requested Higher Education funds needed early in the year and indicated that other 1973 funds would be requested when the 1974 budget was transmitted. The additional time was needed to plan for implementation of the new legislation.

The $1,750,614,000 appropriation requested in 1974, including the $2,700,000 permanent appropriation, is $105,242,000 above the comparable amended budget for 1973 and $338,660,000 above the comparable appropriation for 1972. On an obligation basis, the increase over 1973 is $55,300,097. The new basic opportunity grants program, authorized by the Education Amendments of 1972, accounts for a net increase despite decreases in some other programs. Both the amended 1973 budget and the request for 1974 reflect the President's commitment to increase postsecondary educational opportunities for persons in greatest financial need.

	1973 Estimate	1974 Estimate	Increase or Decrease
Student assistance:			
(a) Grants and work-study:			
(1) Basic opportunity grants..	$622,000,000	$959,000,000	$+337,000,000
(2) Supplementary opportunity grants..................	828,401	---	-828,401
(3) Work-study................	252,784,540	250,000,000	-2,784,540
(b) Cooperative education..........	10,750,000	10,750,000	---
(c) Subsidized insured loans:			
(1) Interest on insured loans..................	245,000,000	310,000,000	+65,000,000
(2) Reserve fund advances.....	1,945,000	1,572,229	-372,771
(d) Direct loans:			
(1) Federal capital contributions..................	309,600,000	---	-309,600,000
(2) Loans to institutions.....	1,970,000	---	-1,970,000
(3) Teacher cancellations.....	5,000,000	5,000,000	---
Total................	1,449,877,941	1,536,322,229	+86,444,288

Narrative

The principal 1974 education increase is in the area of postsecondary student assistance. The amended 1973 budget includes $622 million and the 1974 request includes $959 million to implement the recently enacted Basic Educational Opportunity Grants program. This program is part of a major reform of the traditional Federal Student Assistance programs. In the past, Federal student assistance was made available through several programs with varying standards of student eligibility tied to State allocation formulas. Students in some States were treated better than in other States and, within a State, the treatment varied among schools for students with similar needs.

Under the new Basic Educational Opportunity Grants program there are no state formulas to prevent funds from going where they are needed most, and a uniform Federal Standard will apply to all schools. The new program qualifies eligible students for a basic grant of $1,400 less the amount that he and his family are expected to contribute to his education, but not to exceed one-half his cost. The estimate that the $959,000,000 requested for 1974 will provide for full funding is based upon preliminary assumptions about a needs analysis system.

Since the Basic Opportunity Grant Program provides that no award may exceed one-half of a student's cost of education, other forms of aid are needed. The budget includes $250 million in both fiscal years 1973 and 1974 to continue the college work-study program, and it includes $245 million in 1973 and $310 million in 1974 to continue and expand the guaranteed student loan program. While no new capital contributions will be provided for the National Direct Student Loan Program after 1973, about two billion dollars will be outstanding at the end of 1973. Loan repayments amounting to about $150 million in 1974 and $160 million in 1975 will provide some lendable funds under the direct control of participating institutions. There are also, of course, State and other non-Federal forms of student aid.

For cooperative education, the total appropriation authorized is requested in 1973 and 1974. This six fold increase reflects the new emphasis on career education.

	1973 Estimate	1974 Estimate	Increase or Decrease
Student assistance:			
(a) Grants and Work-Study:			
(1) Basic educational opportunity grants........	$622,000,000	$959,000,000	$+337,000,000

Authority and Purpose:

To help qualified students finance their postsecondary education, the Education Amendments of 1972 included a program of basic opportunity grants. The program, Title IV, subpart A-1 of the amended Higher Education Act, applies to half-time as well as to full-time students, and to postsecondary vocational, technical, and proprietary institutions as well as to colleges. The grants are not available for graduate study but may extend to five years of undergraduate work under special circumstances specified by the Act. At full funding, the program provides a grant of $1,400 less expected family contribution, but not to exceed one half the cost of attendance. The law provides a reduction formula for less than full funding.

Legislative Requirements:

The law requires a schedule of expected parental contribution to be submitted to Congress, it limits payments, and it specifies how grants are to be adjusted to appropriation at less than full funding.

a. Family contribution schedule: The law requires the Commissioner to submit to Congress, by the first of February, a schedule indicating amounts families in given financial circumstances will be expected to contribute toward the student's educational expenses. Congress is to react by the first of May, and, if Congress disapproves the schedule, the Commissioner must submit a new one within 15 days. The family contribution schedule, together with rules governing allowable costs, are important determinants of the number of participants and size of an individual's grant.

b. Statutory formula for grant size: When a given needs analysis system is accepted, and interpreted for a student, grant size is determined by application of a statutory formula in the authorizing legislation:

(1) At full Funding: At full funding, as mentioned above, the program provides a grant of $1,400 less expected family contribution, but not to exceed one-half the cost of attendance.

(2) At less than full funding: Grants are to be adjusted to available funds by the following formula:

(a) If $1,400 minus expected parental contribution is:
more than $1,000, pay 75% of the amount
$801 to $1,000, pay 70% of the amount
$601 to $ 800, pay 65 of the amount
-0- to $ 600, pay 50% of the amount

No grant, however, shall be more than ½ of "need" (cost minus parental contribution), unless available funds are 75% of the amount needed for full funding, in which case no grant shall be more than 60% of "need".

(b) The authorizing legislation provides that if available funds exceed the amount needed to pay grants computed by the above reduction formula, the excess will be paid in proportion to the difference between the amount found by the above formula and the amount that would have been paid at full funding.

(c) If available funds are less than needed to pay grants computed by the reduction formula, then grants are prorated down to the amount available.

(d) No grant of less than $50 will be paid.

(e) The law provides that social security benefits paid to or on account of a student because he is a student and half of his veterans benefits will be counted as the student's income.

Operation of the program:

The program is forward funded, that is, the 1973 appropriation will fund operations during the following year, academic year 1973-74. The fiscal year 1974 appropriation will fund operations during academic year 1974-75.

As mentioned above, the Commissioner must submit a schedule of expected family contributions to Congress by the first of February each year. Additional rules for determining the cost of education, to be used in computing the grants, will be published a little later.

Announcements of levels, of awards will be published after the appropriation is passed so that students and their families may make definite plans for the following academic year.

Applications for the determination of expected family contribution will be distributed to high schools, institutions of postsecondary education, libraries, post offices and other locations easily accessible to students. Once a student completes his application, he would submit this form to OE contractors for the determination of his expected family contribution. After this calculation is made, the contractors will send a multi-copy certification of the student's family contribution. The student can then apply to the institution of his choice for admission and financial assistance. Institutions will be provided with OE developed cost criteria and a payment schedule based on the appropriation. With this information institutions will be able to determine the student's award and develop his total student aid package.

After the student enrolls, the institution will bill the Federal government through the NIH payment system for the awards made for the Basic Grant Program and will act as a disbursing agent for OE in making awards to students.

Among the elements entering an estimate of the cost of fully funding the program are: (a) allowable cost of attendance at the many and varied postsecondary institutions the student may choose to attend; (b) expected family income under a given schedule; and (c) how many students will apply.

Fiscal Year 1972:

This is a newly authorized program which was not funded in 1972.

Fiscal Year 1973:

Of the $622,000,000 requested for Basic Grants, $11,500,000 will be used for administrative expenses. The remaining $610,500,000 will provide grants averaging $400 to an estimated 1,577,000 students during academic year 1973-74. These grants will range from a minimum of $50 to a maximum of $1,050 depending on the student's expected family contribution and his cost of education.

The proposed appropriation language is intended to overcome the provision of the law that requires appropriation of specified amounts for older student aid programs as a pre-condition to paying basic grants. It is intended, also, to provide for small adjustments of funds between fiscal years. If funds are more than needed to meet a given payment schedule, the excess could be carried forward to the following year. If funds are less than needed to meet the payment schedule, the deficit could be paid from the following year's appropriation.

Fiscal Year 1974:

The $959,000,000 requested for the program in 1974 includes $11,500,000 for contractual administrative expenses in addition to estimated full funding for the program during academic year 1974-75. It should be recognized, however, that the several elements entering into an estimate of full funding cannot be determined precisely in advance. Those elements include the following: (a) the number of eligible applicants, (b) the mix of attendance costs, and (c) their expected family incomes. Since the basic opportunity grants will cover only half of the student's need, more than a million students will decide whether and how they can obtain the other half and whether the benefits of attending a more expensive school will warrant incurring more debt than would be necessary if they attended a lower cost school. The size of the grant increases with cost of attendance up to the $1,400 minus parental contribution limit.

As in 1974, special language is proposed to overcome the provision of the law that requires appropriation of specified amounts for older student aid program as a pre-condition to paying basic opportunity grants.

The budget request assumes that the amount budgeted for work-study together with the guaranteed student loan program will be sufficient to supplement the basic opportunity grants.

Special language is included, also, to provide for adjustments of funds between fiscal years. If funds are a little more than needed to meet a given payment schedule, the excess could be carried forward to the following year. If funds are a little less than needed to meet the payment schedule, the deficit could be paid from the following year's appropriation. This provision is included to simplify the administration of the Basic Opportunity Grant Program, decreasing the number of adjustments that otherwise would have to be made late in the year.

Current plans are to issue a single payment schedule early in the Spring which is based upon the appropriation for this program. A single schedule is being proposed in order to provide a measure of certainty and stability for both students and institutions of higher education. The publication of a single payment schedule would, however, require dealing with the problem of having too much or too little to meet the requirements of the schedule. It is intended that the surplus or shortfall be dealt with by appropriation language which would allow a surplus of funds to be carried into the next fiscal year and a shortfall to be a first priority claim on subsequent year funds. It is expected that these adjustments will be relatively small, but they will permit the publication of a single schedule rather than constant or frequent schedules throughout the year either having to take away funds already promised to students or to give them additional small amounts because additional funds become available.

	1973 Estimate	1974 Estimate	Increase or Decrease
Student Assistance:			
(a) Grants and Work-Study:			
(3) Work study	$250,000,000 1/	$250,000,000	---

1/ This is the appropriation requested for academic year 1973-74. An additional $2,784,540 brought forward from 1972 will be obligated during 1973 for use during academic year 1972-73.

Authority and purpose:

Title IV, Part C, of the Higher Education Act of 1965 authorizes the Commissioner of Education to provide grants to institutions for a portion of the wages paid to needy students. Under the 1972 amendments preference for employment under the program is given to students with the greatest financial need, taking into account grant assistance provided from any public or private sources. Previously, preference was given to students from low-income families.

Operation of the program:

A statutory formula determines the initial distribution among states. The Education Amendments of 1972 authorized a 10% "set-aside" for discretionary grants, but this amount must be used first to increase those State allotments which otherwise would be less than the State had for fiscal year 1972. Funds are awarded and administered under an agreement between the Commissioner and each eligible institution of higher education, proprietary institution of higher education or area vocational-technical school. The institution applies for funds expected to be needed by its students; the applications are then reviewed by a Regional Panel composed of practicing financial aid officers and Federal financial aid staff members. Funds are distributed among the institutions within a State by formula, based on the Regional Panel's recommendations. Federal funds may be used to pay up to 80 percent of the wages paid to students selected by the institution for participation; the institution must provide the matching share of 20 percent. Employment may be for the institution itself or at public or private non-profit agencies with which the participating institution has contracted. Both full-time and half-time students attending eligible institutions are now eligible. Previously only full-time students could be employed under the program.

Accomplishments in 1972:

Including the fiscal year 1972 supplemental appropriation of $25,600,000, a total of $426,600,000 was appropriated for fiscal year 1972. Of this amount $156,400,000 was added to the fiscal year 1971 appropriation to convert the program to a full year's forward funding. The remaining $270,200,000 was awarded to approximately 2,700 institutions for program operations during academic year 1972-73. That amount supported an estimated 560,000 recipients with an average gross compensation of $580.

Objectives for 1973 and 1974:

Employment provided to a student under the College Work-Study Program is regarded as part of his "self-help", as are other forms of employment and long-term loans such as Guaranteed Loans and National Direct Student Loans. All students who receive Basic Educational Opportunity Grants will be expected to assume the responsibility of paying for part of their educational costs through such forms of self-help if the sum of the Basic Grant plus the family contribution is less than the student's cost of education as it will be in most cases even if the Basic Grant Program is fully funded.

Since the College Work-Study Program is now a full year forward-funded, the appropriation for fiscal year 1973 will be used for program operations in academic year 1973-74; the appropriation for 1974, in academic year 1974-75.

College Work-Study Program	Academic Year 1972-73 Estimate	Academic Year 1973-74 Estimate	Academic Year 1974-75 Estimate
Gross Compensation	$325,537,500	$301,205,000	$301,205,000
Federal share of Compensation	260,430,000	240,964,000	240,964,000
Administrative Expenses	9,770,000	9,036,000	9,036,000
Total Federal Funds	270,200,000	250,000,000	250,000,000
Number of Students	560,000	545,000	545,000
Annual Average Earnings	580	553	553

	1973 Estimate	1974 Estimate	Increase or Decrease
Student Assistance:			
(b) Cooperative Education	$10,750,000	$10,750,000	---

Authority and purpose:

Title IV-D of the Higher Education Act of 1965 authorizes grants for the planning, establishment, expansion or carrying out of cooperative education programs in higher education institutions. Cooperative Education is defined as consisting of alternate periods of full-time study and full-time employment, public or private, related to a student's academic course of study.

Limits of assistance:

The authorizing legislation provides grants to institutions of higher education for Cooperative Education Program planning, development, and expansion, as well as grants and/or contracts for training and research. Research and training grants/contracts that will make an especially significant contribution to the objectives of the program may also be made to organizations, agencies and business entities. Institutions are eligible to receive grants for only three years. Each award cannot exceed $75,000 and these funds cannot be used as compensation for student employment.

Operation of the Program:

After an institution has met eligibility requirements established by the Commissioner, its proposal is reviewed and evaluated by a panel of consultants from outside the Office of Education. The final funding decision rests with the Office of Education. To the extent that funds are available, proposals are supported according to their merit, with special attention given to the national and educational needs to be served.

In 1972 with an appropriation of $1,700,000 the average grant award was $20,238 to 84 institutions and enabled approximately 30,000 students to participate in Cooperative Education programs.

Plans for 1973:

The 1973 budget request of $10,750,000 will permit the funding of some 250 grantees for an average of $40,000, thus enabling 250,000 to 300,000 students to participate during academic year 1973-74. Awards this year will also support research and training of program directors and coordinators as well as program administrators at institutions of higher education. It is planned that a minimum of 25 percent of the budget request be allocated to support junior and community college programs.

Plans for 1974:

As in 1973, the full authorization of $10,750,000 is requested. Continuation of the program at this high level reflects emphasis on career education. It is anticipated that the number of grantee institutions and the number of participating students will be about the same as will be supported by the 1973 appropriation.

	1973 Estimate	1974 Estimate	Increase or Decrease
Student assistance:			
(c) Subsidized insured loans:			
(1) Interest benefits, special allowance and death and disability payments........	$245,000,000	$310,000,000	$+65,000,000
(2) Reserve fund advances........	1,945,000[1]	1,572,229[1]	-372,771

[1] Funds brought forward from prior years. No new funds requested.

Authority and Purpose:

Title IV, Part B of the Higher Education Act of 1965, (P.L. 89-329), as amended authorizes the Guaranteed Student Loan Program. The Emergency Insured Student Loan Act of 1969 (P.L. 91-95) provides for payment of "Special Allowance" to lenders. These Acts enable the Commissioner of Education to (1) encourage State and private nonprofit agencies to establish adequate loan insurance programs for students attending eligible educational institutions, (2) provide a Federal loan insurance program for students or lenders who do not have reasonable access to a State or private nonprofit program, (3) pay a portion of the interest to the lender on behalf of qualified students, (4) reinsure a portion of each loan guaranteed under a program of a State or private nonprofit agency, and (5) provide for the payment of a "special allowance" to lenders.

Operation of the Program:

Twenty-five State or nonprofit agencies administer their own guaranteed loan program. The agencies may contract with the Commissioner of Education, to reinsure 80 percent of the principal amount of the loss incurred by the agency in meeting its obligation to lenders on guaranteed loans in default. No fee is charged for the reinsurance.

The Federally Insured Student Loan Program operates in the remaining States. In addition, the Act authorizes Federal insurance for lenders operating on an interstate basis for students who by virtue of their residency do not have access to a State program. Under the Federal program, the Commissioner will insure the lender for 100 percent of the principal outstanding at the time the loan enters into default. The Education Amendments of 1972 (P.L. 92-318) also provide that all federally insured loans made under the new legislation are insured for 100 percent of the unpaid principal balance plus interest. The insurance premium charged is one quarter of one-percent of the face value.

While the student is in school, during the maximum 12-month grace period, and during periods of authorized deferment, the Federal government pays the total interest up to the maximum 7 percent on loans that qualify for such a subsidy. Through February 28, 1973, students whose adjusted family income was less than $15,000 per year qualified for the subsidy. Under the Education Amendments of 1972 to become effective March 1, 1973, students apply for Federal interest benefits by submitting to the lender a recommendation by the educational institution as to the amount needed by the student to meet his educational costs. Students with family incomes above $15,000 may qualify now for interest benefits under this provision.

The Education Amendments of 1972 increased the maximum loan per academic year from $1,500 to $2,500. The maximum total loans outstanding for graduate students, including loans they received as undergraduates, was increased from $7,500 to $10,000.

Applications for student loans may be obtained from lenders, schools, regional offices of the Office of Education or State or private nonprofit guarantee agencies.

The school must complete a portion of this application certifying the amount of loan needed by the student and verifying the student's enrollment, his costs and academic standing. If the lender agrees to make the loan, approval must be obtained from the appropriate guarantor.

Any student may apply who has been accepted for enrollment in an eligible school or who is already in attendance and in good standing, and who is a citizen or national of the United States or is in the United States for other than a temporary purpose. In most States, half-time students are eligible, but some State agency programs require full-time attendance. Residency requirements also vary in some States.

Other information relevant to this program is shown under a separate appropriation, the Student Loan Insurance Fund. Payment of claims for defaulted loans and income from premiums and collections are shown there.

Need:

For many students guaranteed student loans will be the only available student aid. For many it will supplement other forms of aid. Any student, regardless of family income who wishes to finance his education by borrowing, may apply from one of the nearly 19,500 participating lending offices throughout the country. Approximately 8,200 educational institutions, both within and outside of the United States, may be attended under this program. This is the only program of general assistance available to all students. As mentioned above, however, not all students qualify for the interest subsidy.

Accomplishments in Fiscal Year 1973:

It is estimated that new loans amounting to $1,355,000,000 will be guaranteed in 1973 compared with $1,300,000,000 in 1972. To supplement the $215,000,000 appropriated in October, an additional $30,000,000 is being requested to fund program costs this fiscal year.

The Education Amendments of 1972 authorized a Student Loan Marketing Association, a government-sponsored private corporation, financed by private capital to serve as a secondary market and warehousing facility for loans insured under this program. This mechanism will provide liquidity for lenders who have invested in the relatively long-term deferred repayment Guaranteed Student Loans. The effect of this organization will be felt in 1974.

Plans for Fiscal Year 1974:

This program will continue to provide increasing numbers of students a means of financing all or a portion of their postsecondary educational costs. Student loans approved under this program during fiscal year 1974 are expected to reach a new annual total of $1,671,000,000. It is anticipated that the secondary market will be in operation during fiscal year 1974.

Estimating Program Costs:

(a) Open-ended program. The statutory limit on volume of new loans that may be insured has not been a constraint; and there is no limit on loans covered by State agencies and reinsured by the Federal government. Lenders have been urged to lend to qualified borrowers and the Federal government has stood ready to pay interest benefits on any amount of qualified loans. The program, therefore, is essentially open-ended.

Furthermore, a constraint on new loans would not affect interest due on prior year loans. In practice, the total costs of the program are uncontrollable.

(b) Computerized forecasting model. A computerized forecasting model is being developed to help manage the program.

(c) Interest benefits. Loans outstanding minus those in repayment status are assumed to be eligible for subsidy. The value of unsubsidized loans is assumed to be within estimating error. This assumption may change when our estimates improve and when the new legislation on qualifying for interest benefits becomes effective.

(d) Death and disability. In case of death or disability of the borrower, the unpaid balances of loans made under this program after December 15, 1968, are reimbursed in full. These costs are charged to "Higher Education." In the case of loans made before that date, death and disability are treated as defaults, and are, therefore, a charge to the Student Loan Insurance Fund.

(e) Special allowance. The special allowance depends upon the value of outstanding loans made on or after August 1, 1969, and conditions of the money market. Current estimates assume no appreciable increase in interest rates, but the value of loans outstanding will increase, and an increasing percentage of those loans will have been made after August 1, 1969.

Guaranteed and Insured Student Loans
Costs Charged to Higher Education

	1972	1973	1974
Loans outstanding, end of year ..	$4,000,000,000	$4,871,000,000	$5,901,000,000
Loans eligible for subsidy 1/...	3,478,624,000	4,055,061,000	4,763,297,000
New loans	(1,301,577,000)	(1,355,830,000)	(1,671,000,000)
Interest	173,978,000	218,000,000	276,000,000
Death and disability.............	1,599,000	3,000,000	4,000,000
Special allowance	21,760,000	24,000,000	30,000,000
Total obligations............	197,337,000	245,000,000	310,000,000

1/ Unsubsidized loans assumed to be within the estimating error.

	1973 Estimate	1974 Estimate	Increase or Decrease
(d) National Direct Student Loans (formerly National Defense Student Loans)			
(1) Federal Capital Contributions.....	$309,600,000	-0-	-$309,600,000
(2) Loans to institutions	1,970,000	-0-	- 1,970,000
(3) Teacher cancellations	5,000,000	5,000,000	-0-

Narrative

Authority and Purpose:

The Education Amendments of 1972 established the direct student loan program as Title IV, Part E, of the Higher Education Act of 1965 and specified that this program shall be deemed a continuation of the program previously authorized under Title II of the National Defense Education Act of 1958. The purpose of the program is to provide long-term, low-interest loans to needy students in institutions of higher education to enable them to pursue their courses of study at such institutions. All or a portion of the loan to a student may be forgiven in consideration of subsequent service in certain kinds of teaching or subsequent military service in a combat zone.

Operation of the Program:

The Commissioner of Education enters into an agreement with an eligible institution of higher education. Under this agreement a revolving student loan fund is created at the institution through capital contributions provided by the Commissioner and the institution in the ratio of 90 percent Federal Capital Contribution to 10 percent Institutional Capital Contribution. Loans made from the Fund bear interest at the rate of 3 percent, beginning 9 months after the student ceases to be in at least half-time attendance at an eligible institution. Provision is made for further deferral of repayment (as well as for complete or partial cancellation of the loan) under certain circumstances.

In the event that a student is entitled to cancellation of all or part of his loan, the Commissioner reimburses to the institution its share of the loan cancelled, if the loan was made before July 1, 1972. In the case of cancellations on loans made after June 30, 1972, the Commissioner restores to the Fund at the institution the full amount cancelled.

All assets of the Fund created under NDEA II are vested in the Fund now authorized under HEA IV-E. The estimated net worth of those Funds is at present $2.0 billion. It is estimated that the Funds would be capable of generating collections which would eventually sustain a lending volume in excess of $150 million annually, except that "leakages" from the Fund caused by cancellations of loans made before July 1, 1972, and the drain of defaults and delinquences will tend to diminish the capital.

Accomplishments in fiscal years 1972-1973:

During academic year 1972-73 it is estimated that $430,919,000 was lent to 624,500 students, who borrowed an average of $690 each. Of this loan volume less than $319,000,000 (including both Federal and institutional shares) was comprised of new capital contributions.

Request for fiscal year 1974:

No appropriation for new Federal Capital Contributions is requested for 1974, however it is projected that $23,600,000 from the fiscal 1972 appropriation will be carried over by the institutions to augment the 1974 loan volume otherwise sustainable from collections. The total loan volume will be nearly $181,000,000, of which $26,310,000 will be derived from new capital contributions (Federal plus institutional) and the remainder from collections. This amount is adequate to provide loans averaging $600 each to more than 300,000 students.

It is anticipated that the average 1974 loan will decline from the 1973 average as a result of the new availability of Basic Educational Opportunity Grants, which will meet a larger share of the total need of all students than was ever possible under the former EOG program.

It is also anticipated that the number of students aided with direct student loans will decline substantially as a result of the increased availability of Guaranteed Loan. Institutions will be encouraged to reserve their direct loans for those students who are unable to obtain Guaranteed Loans. It is anticipated that the number of students who experience this inability will be significantly smaller than has previously been the case as a result of the inauguration of the Student Loans Marketing Association and the other amendments to the law designed to improve students' access to Guaranteed Loans.

Reimbursements to institutions during 1974 for their share of loans cancelled in the previous year are projected to increase only slightly over 1973. It is anticipated that the amount of cancellations on loans made after July 1, 1972, will be negligible for this first year.

HIGHER EDUCATION ACTIVITIES

STUDENT AID

NATIONAL DIRECT STUDENT LOAN PROGRAM

	1971-72	1972-73	1973-74
Federal Capital Contributions			
From 1972 appropriation	$286,000,000	$ 23,600,000	
From 1973 appropriation		262,400,000	$ 23,600,000
Institutional Capital Contributions 1/	32,847,000	32,847,000	2,710,000
Collections (cash)	110,000,000	130,000,000	150,000,000
Carryover from previous yr.	30,000,000	35,000,000	40,000,000
Total available	$458,847,000	$483,847,000	$216,310,000
Institutional carryover to following year 2/	$-35,000,000	$-40,000,000	$-30,000,000
Withdrawal for administrative expenses	-12,345,000	-12,928,000	-5,427,00
Total loans	$411,502,000	$430,919,000	$180,883,000
Number of loans (students)	614,200	624,500	301,500
Average loan	$670	$690	$600
Number of institutions	2,200	2,300	2,300
Loans to institutions			
Amount	1,822,000	1,970,000	-0-
Average per institution	22,000	20,000	-0-
Number of institutions	81	100	-0-
Number of loans	156	200	-0-
Cancellations			
Total amount	40,000,000	50,000,000	50,000,000
Number of students	240,000	265,000	285,000
Federal payments (for prior year)	3,890,000	5,000,000	5,000,000 3/

1/ Calculated at 10.3 percent to correspond with the historically established institutional share.

2/ From cash collections collected too late for relending.

3/ It is anticipated that the number of collections for which 100 percent reimbursement may be claimed will be negligible.

	1973 Estimate	1974 Estimate	Increase or Decrease
Special programs for disadvantaged students:...........................	$ 70,331,000	$ 70,331,000	$ ---
(a) Talent search....................	(6,000,000)	(6,000,000)	(---)
(b) Upward bound.....................	(38,331,000)	(38,331,000)	(---)
(c) Special services in college.....	(26,000,000)	(23,000,000)	(-3,000,000)
(d) Educational opportunity centers.	(---)	(3,000,000)	(+3,000,000)

1/ These amounts represent requested 1973 appropriations, which will be used by schools in academic year 1973-74. The $1 million for Talent Search and $4 million for Upward Bound brought forward from the 1972 supplemental appropriation, were obligated during 1973 for use during 1972-73.

Authority and Purpose:

The Education Amendments of 1972 (P.L. 92-318, enacted June 23, 1972) extended and amended the three former special programs for disadvantaged students and created a new one called Educational Opportunity Centers. These four programs were constituted as a new Subpart 4 of Title IV-A of the Higher Education Act of 1965. Of these programs all except Educational Opportunity Centers now pay 100 percent of program costs. Educational Opportunity Centers may pay 75 percent of program costs. Upward Bound was previously limited to 80 percent.

These four programs are united by the common goal of helping low-income disadvantaged students obtain a postsecondary education. The category of "disadvantaged" includes both students who lack adequate secondary school preparation and those who are physically handicapped.

Talent Search is designed to locate qualified youths of financial and cultural need with exceptional potential and encourage them to complete secondary school and begin postsecondary training. Upward Bound's mission is to serve the youth whose financial and cultural need is great but whose potential is not so readily discernible and whose academic preparation is inadequate for success in college. Special Services in College is a college level program designed to enhance the ability of low-income, disadvantaged students to succeed academically in the colleges in which they are enrolled. Educational Opportunity Centers are designed to serve areas with major concentrations of low-income populations by providing, in coordination with other applicable programs and services, services similar to those of Talent Search and Special Services in College.

The three "older" programs (Talent Search, Upward Bound, and Special Services) have devoted particular attention to meeting the special educational needs of returning Vietnam veterans. It is anticipated that Educational Opportunity Centers will serve a similar function when they become operational.

Operation of the Program:

All of these programs operate through discretionary grants or contracts to eligible public or private institutions or agencies.

Enrollees who are participating essentially full time in one or more of these services may be paid stipends which are limited to $30 a month except in unusual circumstances.

Need:

For each of the three "older" programs the target group within the population of youth from low-income families is slightly different. Talent Search provides informational and counseling services to youth in grades 7-12 who have both the motivation and potential for postsecondary education. It also works with high school or college dropouts to encourage them to reenter educational programs. Upward Bound provides tutorial and counseling services to youth in grades 10, 11, and 12 who have the potential for success in postsecondary education but whose motivation and academic preparation need to be improved. Special Services in College provides tutorial and counseling services to college students, including those who are physically handicapped, to help overcome deficiencies in their academic preparation and to help them adjust to college life.

Educational Opportunity Centers will provide information and counseling services to all educationally disadvantaged low-income residents in its service areas, which are defined as areas with major concentrations of low-income populations. The Centers may also provide tutorial services to students attending postsecondary institutions in their service areas and serve as recruiting and counseling pools for such institutions.

The age-range of the populations served is therefore quite broad, beginning with the seventh grade and continuing beyond high school, and also including returning veterans. An approximation of the number eligible to be served by one or more of the programs would be the number of low-income people between the ages of 14 and 21. According to the latest available Census data, the number of such persons from families with incomes below $4,700 is 5,200,000.

Many Vietnam veterans and more than a million other people need the services provided through these programs. Approximately 20 to 25 percent of Vietnam veterans have had less than a high school level of education, and have received combat training only and are returning to civilian life inadequately prepared to take employment.

Accomplishments:

With fiscal year 1972 funds, services are being provided during academic year 1972-73, to an estimated 239,900 students from low-income families. Of this number, nearly 160,000 are being aided through Talent Search, which is projected to be successful in helping nearly 28,000 high school graduates gain admission to a postsecondary institution.

Upward Bound is providing intensive tutorial and counseling services to more than 32,000 students in the tenth, eleventh, and twelfth grades. Indicative of the success of the Upward Bound approach is the fact that more than 70 percent of Upward Bound graduates enroll in some form of postsecondary education, in comparison with about 40 percent of other low-income high school graduates.

College enrollment figures have been secured from the Upward Bound Data Bank and appear below. Initial report of enrollment was furnished by the Upward Bound Project Director. Confirmation (actually enrolled) was secured from registrars and admissions officers at the institution in which the student was reported to have enrolled. Thus, the "actually enrolled" figure is undoubtedly low since the student, although not enrolled in the college designated, may have enrolled in another college. Further information is being sought on those who failed to enroll. They now, however, appear under "Other Postsecondary Activities.

Upward Bound College Enrollment

	1966	1967	1968	1969	1970	TOTALS
Total Upward Bound graduates..	856	4,940	9,523	8,034	8,704	32,055
Initially reported enrolled...	672	3,607	6,679	5,907	6,703	23,568
(Percentage)................	(78.5)	(73.0)	(70.1)	(73.5)	(77.0)	(73.5)
Actually enrolled............	605	3,329	6,242	5,351	5,877	21,404
(Percentage)................	(70.7)	(67.4)	(65.5)	(66.6)	(67.5)	(66.8)
Enrolled Technical institute or commercial school........	4	180	451	331	311	1,277
(Percentage)..............	(.5)	(3.6)	(4.7)	(4.1)	(3.6)	(4.0)
Other postsecondary activities Military service, employment, marriage, etc...............	247	1,431	2,830	2,352	2,514	9,374
(Percentage)..............	(28.9)	(29.0)	(29.7)	(29.9)	(28.9)	(29.2)

The program of Special Services in College is providing tutorial and counseling help to an estimated 50,000 college students. This program is currently undergoing an evaluation study to determine its success in meeting its objectives and to define more clearly its target population.

In 1972 there was a special supplemental appropriation of $5,000,000 which was used to fund 66 special Veterans' Upward Bound/Talent Search projects. This special emphasis will be continued.

Plans for 1973 and 1974:

Since all of the special programs for disadvantaged students are one year forward funded, the 1973 appropriation will be used to support program operations in academic year 1973-74; the 1974 appropriation will support operation during academic year 1974-75. The first year of operations for Educational Opportunity Centers will be academic year 1974-75.

In all programs increased emphasis will be given to serving veterans, Spanish-surnamed and Indian Americans, and to career education.

The $6,000,000 budgeted for Talent Search for each of 1973 and 1974 will provide informational and counseling services to 150,000 students in academic year 1973-74 and to 146,400 students in academic year 1974-75.

The $38,331,000 budgeted for Upward Bound for each of 1973 and 1974 will serve 27,900 students in academic year 1973-74 and 27,400 students in academic year 1974-75. The Federal share of program expenses increases from 80 percent to 100 percent, effective with academic year 1973-74.

For Special Services in College, $26,000,000 budgeted for 1973 will serve 86,700 students in academic year 1973-74. For academic year 1974-75 the budgeted amount is $23,000,000 for Special Services in College and $3,000,000 for Educational Opportunity Centers. The number of students served through Special Services in College will be 74,200; through Educational Opportunity Centers, 30,000. The services provided through these two programs are highly similar, even though the target populations are different in some respects.

The following table shows funds available and the numbers of students served in each program from 1972, 1973, and 1974 funds.

Academic Year	Talent Search	Upward Bound	Special Services in College	Educational Opportunity Centers	TOTALS
1972-73:					
Appropriation....	$ 6,000,000	$35,000,000	$15,000,000	N/A	$56,000,000
Students served..	157,500	32,400	50,000	N/A	239,900
Cost per student.	$38	$1,080	$300	N/A	
1973-74:					
Dollars..........	$ 6,000,000	$38,331,000	$26,000,000	$ ---	$70,331,000
Students served..	150,000	27,900	86,700	---	264,600
Cost per student.	$40	$1,375[1]	$300	---	
1974-75:					
Dollars..........	$ 6,000,000	$38,331,000	$23,000,000	$ 3,000,000	$70,331,000
Students served..	146,000	27,400	74,200	30,000	278,000
Cost per student.	$41	$1,400	$310	$100	

1/ Effective this year, the Federal share changes from 80 percent to 100 percent.

	1973 Estimate	1974 Estimate	Increase or Decrease
Institutional assistance:			
(a) Strengthening developing institutions	$ 99,992,000	$ 99,992,000	$ ---
(b) Construction:			
(1) Subsidized loans	31,425,191	31,425,000	-191
(2) State administration and planning	3,000,000	---	-3,000,000
(c) Language training and area studies	2,360,000	1,360,000	-1,000,000
(d) University community services	5,700,000	---	-5,700,000
(e) Aid to land-grant colleges:			
(1) Lump sum payment - Virgin Islands and Guam	6,000,000	---	-6,000,000
(2) Permanent appropriation (Second Morrill)	2,700,000	2,700,000	---
(f) State postsecondary education commissions	---	3,000,000	+3,000,000
Total	151,177,191	138,477,000	-12,700,191

Narrative

For institutional assistance the request is $12,700,191 less in 1974 than in 1973. As in the past, student assistance has take priority over institutional assistance. Strengthening developing institutions rose to a new level in 1973, about $48,000,000 above the 1972 level. The program is continued at that level in the 1974 request. The $6,000,000 for endowment of land-grant colleges in the Virgin Islands and Guam is a one time appropriation and accounts for half of the decrease between 1973 and 1974.

	1973 Estimate	1974 Estimate	Increase or Decrease
Institutional Assistance			
(a) Strengthening Developing Institutions............	$99,992,000	$99,992,000	---

Authority and Purpose:

Title III of the Higher Education Act of 1965 authorizes grants to strengthen developing institutions. Developing institutions are defined by the Act as those "colleges which have the desire and potential to make a substantial contribution to the higher education resources of our Nation but which for financial and other reasons are struggling for survival and are isolated from the main stream of academic life."

Limits of Assistance:

The Higher Education Act made 76 percent of Title III appropriations available for four-year colleges and 24 percent available for two-year colleges. All grantee institutions qualifying under the act as developing institutions are small with enrollments generally less than 1,000 students. Less than 25 percent of their faculties hold doctoral degrees. Libraries are small (below 50,000 volumes). Travel of faculty to National professional meetings and student field experience are limited. Laboratory equipment is inadequate and opportunities to conduct research or broaden curricular offerings are consequently highly restricted. Tuition and fees are low because students are largely from low-income families.

Operation of the Program:

Proposals submitted by institutions of higher education which meet the eligibility requirements will be considered by a panel of readers on the basis of the proposal and its appropriateness in responding to the priority of serving the needs of low-income students. Recommendations of the panel are then considered by the Title III staff who are accountable for final decisions.

A primary goal is to strengthen institutions in the area of curriculum development, management capability, faculty growth, and student services. The current concept of a developed institution implies institutional growth which leads ultimately to institutional academic and enrollment growth which is also economically sound. Further, each institution is striving to obtain a well trained, adequately remunerated faculty, which is consistent with its academic program needs, along with adequate financial and physical resources. Over the history of the program, a number of colleges have been moved steadily toward these goals of financial stability and academic improvement. A substantial number of institutions have become fully accredited on the basis of reasonable progress ratings by the national accrediting agencies and have exceeded minimum accreditation standards in many cases.

The Need:

During the present funding period, more than 765 institutions of higher education have submitted 460 proposals requesting approximately $220,000,000. Last year's request totaled approximately $143,500,000. Funding priorities focus on supporting those institutions whose proposals show a determined effort to meet the needs of low income students. This priority singles out at least two categories of institutions which have continuously been recipients of Title III grants--four-year, predominantly black institutions and two-year, public institutions. Predominantly black, developing colleges enroll a high proportion

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of low-income youths who are often ill-prepared for the academic competition of a fully developed college. The fact that many of these youths are unable financially to afford the rising cost of a college education, suggests that certain developing colleges will continue to educate a large proportion of the low-income students now attending college. Similarly, the public two-year colleges, particularly those located in, or near metropolitan areas and in the deep rural areas, are enrolling increasing numbers of low-income students. Both the predominantly black colleges and the public two-year institutions have an opportunity to develop programs specifically geared to the career needs of these students.

Plans for 1973:

In fiscal year 1973, $51,992,000 will support the continuation of 200 previously funded projects plus 26 new projects. In selecting these projects, the emphasis will be upon those institutions which cannot meet the more exacting requirements of the advanced institutional development program.

A portion ($3.3 million) of the Basic Program funding will be allocated for the training of teachers by developing institutions. This objective, formerly funded under the EPDA authority, has been transferred to the Title III Basic Program.

In addition to the ongoing program, $48 million will be used for new initiatives. This advanced institutional development program is described under the heading "Plans for 1974."

Plans for 1974:

At the same level of funding as in 1973, efforts to move institutions toward developed status will continue under the on-going program, although the accompanying indicators of progress show a plateau in 1974.

It is expected that more visible progress can be achieved with the $48,000,000 devoted to new initiatives, since a limited number of grants will be concentrated on those developing institutions which appear to have the greatest potential for development during the next three to five years based upon a combination of factors including their mission, past performance, current strengths, and plans for the future. The intention is to provide these institutions large enough grants, averaging $1.4 million to be spent over a three-year period, to permit them to achieve a real breakthrough in institutional development. The grantees will be expected to work toward a number of specific objectives including the development of an effective operational planning and management system, the analysis of employment and other post college opportunities for their students, the adjustment of curricula and faculty training to optimize these opportunities, the strengthening of existing programs, and the undertaking of innovative projects to better meet the needs of their students. Institutions will also be required to initiate a long range development plan which will include an institutional mission statement, a definition of goals and objectives, and an analysis of institutional resources. These plans will provide performance criteria against which progress can be measured during the course of the grant and in future years. This program will be closely monitored to insure that this new initiative is achieving its objectives. These efforts outlined above will provide a powerful impetus toward moving developing institutions and their students rapidly into the mainstream of American higher education at both the undergraduate and graduate levels.

SOME INDICATORS OF PROGRESS

OF HIGH POTENTIAL DEVELOPING INSTITUTIONS

Selected Components	Academic Years 1970-1971 Actual	 1971-1972 Actual	 1972-1973 Actual	 1973-1974 Estimated	 1974-1975 Estimated
1/ Number of Grantee Institutions	227	198	226	226	226
2/ Number of Institutions with Enrollments Approaching 5,000 students	10	10	11	13	13
2/ Number of Institutions with Total Current Income Exceeding $11 million	5	8	13	14	14
2/ Number of Institutions with Expenditures of $2,300 per student	27	30	32	36	36
2/ Number of Institutions with Libraries Approaching 300,000 volumes	5	8	9	10	10
2/ Number of Institutions with Significant Increase in Gift & Grant Income	13	17	22	26	26
2/ Number of Institutions with Significant Increases in Federal Income	16	20	25	30	30

1/ Number of grantees does not include those funded for $48,000,000 for New Initiatives.

2/ Figures are based upon selected group of high potential developing institutions.

Higher Education Activities - Program Assistance

Strengthening Developing Institutions

I. Basic Program

	1972 Actual			1973 Estimate			1974 Estimate		
	No.	Average Cost	Amount	No.	Average Cost	Amount	No.	Average Cost	Amount
Number of Grantee Institutions	226	$207,182	$46,823,200	226	$204,247	$46,160,000	226	$204,247	$46,160,000
Continuation Awards.	(196)		(42,568,200)	(200)		(40,849,400)	(100)		(20,424,700)
New Awards.	(30)		(4,255,000)	(26)		(5,310,600)	(126)		(25,735,300)
Number of Developing Colleges Participating in Cooperative Arrangements	556			510			510		
National Teaching Fellowships and Professors Emeriti . . .	708	$7,100	5,026,800	720	*$8,100	5,832,000	720	*$8,100	5,832,000
Total			$51,850,000			$51,992,000			$51,992,000

II. Advanced Program
(new initiative)

	1973 Estimate			1974 Estimate		
	No.	Average Cost	Amount	No.	Average Cost	Amount
Grants	35	$1,371,428	$48,000,000	35	$1,371,428	$48,000,000
Total Requested.........			$99,992,000			$99,992,000

*Stipend increased from $6,500 to $7,500 by FY 1972 Educational Amendments.

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) Construction			
(1) Federal interest subsidies on private loans	$31,425,285	$31,425,285	---
New loans	(4,500,000)	---	(-4,500,000)
Prior-year loans	(26,925,285)	(31,425,285)	(+4,500,000)
Estimated amount of new loans to be subsidized	(200,000,000)	---	(-200,000,000)
(2) State administration	3,000,000	---	-3,000,000
Total Obligations	$34,425,285	$31,425,285	-3,000,000

Narrative

Section 745 of Title VII-C of the Higher Education Act authorizes annual interest subsidization grants to institutions of higher education to reduce the cost of borrowing from non-Federal sources for the construction of needed academic facilities. The grants for State administration and planning were once authorized by Title I of the Higher Education Facilities Act and more recently by the General Education Provision Act; but, in 1974 this function will be absorbed by the State postsecondary education commission authorized by section 1202 of the Higher Education Act, as amended.

Operation of the Program:

For the past several years the Annual Interest Grant Program under the Higher Education Act has been the primary source of Federal assistance in the construction of higher education academic facilities. The interest subsidization program is an effort to attract private capital. The institution or State agency arranges a loan from private sources at a rate acceptable to the Commissioner, and the Federal Government pays a subsidy in an annual amount so that the debt service paid by the institution is the same as it would pay on a 3 percent loan.

The Need:

The sixties saw colleges and universities add some 3,000,000 students to double their enrollment and, through phenomenal effort, provide the necessary higher education facilities. Since the inception of the higher education facilities programs in 1965, the Federal Government has made a significant contribution to the construction of this needed academic space. By the end of fiscal year 1972 some 1,823 institutions will have received assistance in the construction of 3,926 facilities costing approximately $10 billion. The Federal contribution to this effort amounts to $3.5 billion broken down as follows:

	(In millions)
Direct Grants	$1,750
Direct Loans	526
Subsidized Loans	1,224
Total	$3,500

Although many colleges and universities still need some additional space to accommodate a continued increased in enrollment, the need for new construction is not now the national problem that it was in the sixties. Enrollment increase has slowed and new technology, better utilization, and changes in educational delivery systems permit the use of less space per student. It is believed that in 1974 funds from non-Federal sources should be sufficient for construction of the most urgently needed facilities.

Legislative Requirements:

Not more than 12 1/2 percent of the funds provided for this program may be used within any one State.

Institutions receiving annual interest grants must finance at least 10 percent of the development cost of the project from non-Federal sources. For this purpose, a private loan on which an annual interest grant is to be made is considered a Federal source. This means that the institution must provide 10 percent of the project cost from its own funds or from privately borrowed funds on which no Federal annual interest grant is involved.

The annual interest grants to a higher education institution for a given facility shall be for a fixed period not to exceed 40 years. Each such grant shall be in an amount not greater than the difference between (1) the average annual debt service which would be required to be paid during the life of the loan on the amount borrowed from other sources for the construction of such facilities, and (2) the average annual debt service which the institution would have been required to pay, during the life of the loan, with respect to such amounts if the applicable interest rate were the maximum rate allowable for direct loans under Title VII-C (3 percent). The interest rate on the loan is subject to the Commissioner's approval.

Accomplishments in fiscal years 1972-1973:

In fiscal year 1972, 310 grants totaling $9,741,000 were approved to support approximately $515,000,000 in construction loans. In fiscal year 1973, it is expected that 100 grants totaling $4,500,000 will be approved to support $200,000,000 in new loans. In order to meet the most critical needs in higher education, the program, in fiscal year 1973, will give highest priority to public community colleges and technical institutes, developing institutions, and institutions with enrollments of 20 percent or more disadvantaged. Public community colleges are given special attention because of their contribution to career education. State agencies financed under "State" administration and planning have helped the Federal government administer the annual interest grant program.

Request for fiscal year 1974:

An appropriation of $31,425,285 is being requested for fiscal year 1974. This amount will be for continuation support of prior-year loans. Funds are not being requested to subsidize the interest on new loans in 1974.

No funds are requested for "State" administration, but $3,000,000 is being requested for the activities of State postsecondary education commissions established under section 1202 of the Higher Education Act.

Following is a comparison of activity under the program from fiscal year 1970 estimated through 1974:

	Two-Year Schools	Colleges & Univ.	Total
Amount of New Subsidized Loans:			
1970 (Actual)	$ 13,898,000	$105,584,000	$119,482,000
1971 (Actual)	150,000,000	450,000,000	600,000,000
1972 (Actual)	121,032,000	394,057,000	515,089,000
1973 (Estimate)	77,500,000	122,500,000	200,000,000
1974 (Estimate)	---	---	---
Number of new Projects:			
1970 (Actual)	11	75	86
1971 (Actual)	82	271	353
1972 (Actual)	69	241	310
1973 (Estimate)	35	65	100
1974 (Estimate)	---	---	---

Funds were first appropriated for the interest subsidy program in the supplemental appropriation of 1969, but the program did not become operational until late in fiscal year 1970. The following table shows the loans subsidized, appropriations, and obligations incurred for new loans versus continuation of old loans, and amounts carried forward.

Funding of Subsidies on Construction Loans

	1970[1/]	1971	1972	1973	1974
Amount of loans subsidized	$119,482,000	$600,000,000	$515,089,000	$200,000,000	---
Appropriations	15,670,000	21,000,000	29,010,000	14,069,094	$31,425,285
Obligations incurred:					
New loans	3,792,899	14,503,934	9,740,979	4,500,000	---
Continuation of prior year loans	---	3,757,809	17,804,758	26,925,285	31,425,285
Recoveries	---	105,644	1,170,926	---	---
Net obligations	3,792,899	18,156,099	26,374,811	31,425,285	31,425,285
Carry forward	11,877,101	14,721,002	17,356,191	---	---

1/ Includes 1969 supplemental.

	1973	1974	Increase or Decrease
Institutional assistance:			
(c) Language training and area studies:			
(1) Centers, fellowships, and research (NDEA VI).........	$ 1,000,000	$ ---	$ -1,000,000
(2) Fulbright-Hays training and research grants............	1,360,000	1,360,000	---

These programs help American institutions of higher education better serve the national interest by strengthening the academic base for teaching and research in modern foreign languages, area studies, and world affairs.

(1) Centers, Fellowships, and Research (NDEA VI)

Authority and Purpose:

Title VI of the National Defense Education Act was enacted in 1958 to help remedy the serious national shortage of specialists on the non-Western world required to serve the growing needs of education, government, and business. Title VI assistance has helped establish more than 100 foreign language and area studies centers in American higher education and has helped develop a pool of more than 5,000 highly trained specialists on the non-Western world. The program has also produced the bulk of language teaching materials needed for acquiring beginning-level proficiency in most of the uncommonly-taught major languages of the non-Western world.

Activities in Fiscal Year 1972:

Institutional and student assistance was targeted on academic disciplines and world areas in which there is a shortage of trained personnel. Funds also supported new initiatives in training and research.

Centers:

To train specialists for careers requiring knowledge of other countries and cultures, $5,899,000 was allocated among 106 foreign language and area studies centers located throughout the United States. In academic year 1971-72, these centers offered instruction in 85 modern foreign languages and related area studies courses for an estimated 104,000 students.

International Studies Programs:

To stimulate more effective utilization of existing institutional resources and to develop new approaches to undergraduate and professional education in international studies, $540,000 was obligated to initiate 18 time-limited pilot programs. These included six two-year graduate programs for research and training on inter-regional issues and problems in fields such as comparative urban studies, technology and social change, and international trade and business.

At the undergraduate level, 12 two-year projects designed to add an international component to general post-secondary education and to teacher training were begun.

Summer Programs:

An amount of $501,000 in program funds assisted 27 summer institutes providing intensive instruction in selected modern foreign languages, with particular emphasis on those languages not widely available during the academic year.

Fellowships:

A sum of $5,982,082 provided 1,780 graduate fellowships and 354 undergraduate stipends for students planning careers in teaching or public service requiring knowledge of modern foreign languages and related fields.

Research:

An amount of $994,096 supported 39 research projects on the language learning process, the methodology of foreign language teaching, the preparation of materials for the uncommon languages, and the development of baseline studies and curricular materials for international and intercultural education.

Plans for Fiscal Year 1973: and 1974:

This program is being phased out. In fiscal year 1973, $1,000,000 is requested for these programs. Of this amount, $470,000 will fund 14 foreign language and area studies research projects. The additional $530,000 will fund the final phase of the 18 two-year pilot programs in international studies initiated in fiscal year 1972. No funds are requested for these activities in fiscal year 1974

The urgent need for highly trained specialists in foreign language and area studies has largely been met since the program was initiated. The continuing need for such experts should now be filled by people who are sufficiently interested to pursue their studies in the absence of a special Federal program, while the Centers which rely on Federal support for only 10% of their funding should now be able to assume the full cost.

(2) Fulbright-Hays Training Grants

Authority and Purpose:

Programs funded under Section 102(b)(6) of the Fulbright-Hays Act help provide the overseas capability to strengthen American education in foreign languages, area studies, and world affairs. Adequate opportunities for research and study abroad are critical in developing the professional competence of language and area studies specialists. While in absolute terms there has been substantial growth over the past decade in the numbers of specialists with some overseas experience, a recent survey reveals an immediate need to extend the depth and scope of experience abroad for the majority of specialists employed in colleges and universities.

Geared to meet national needs, the Fulbright-Hays programs administered by the Office of Education provide a limited number of research scholars in foreign language and area studies and other educators with a means for acquiring first-hand experience in their area of specialization to update and extend research knowledge and to improve language skills. Program assistance includes fellowships for faculty and doctoral dissertation research, group projects for research, training and curriculum development, and curriculum consultant services of foreign educators to improve international and intercultural education in U.S. schools and colleges.

Activities in Fiscal Year 1972:

A total of $1,323,179 provided 174 grants for research and training abroad. Doctoral dissertation research fellowships totaling $985,447 enabled 151 graduate students preparing for college and university teaching careers to conduct field research in 53 countries. Topics included the political dynamics of health care in China, the law and administration of environmental quality in the U.S.S.R, the 1970 presidential election in Chile, and decision-making in Japanese industry. A total of $22,310 funded 2 fellowships for faculty research abroad.

Of the seven group projects abroad, two assisted 73 participants in the two American inter-university intensive language training programs which provide the most advanced instruction regularly available abroad to American students of Japanese and Chinese. Five projects were ethnic heritage summer seminars for 116 teachers and administrators and were held in West Africa, Japan, Taiwan, and Mexico. These seminars are designed to improve understanding of the cultural origins of ethnic minority groups in the United States.

In addition, 14 curriculum consultant grants helped provide U.S. schools, State departments of education, and smaller four-year colleges with opportunities to bring educational specialists from 9 countries to the U.S. to assist in developing curricula and teaching materials in international studies. Finally, $10,000 funded professional support services for Office of Education grantees abroad.

Activities in Fiscal Year 1973:

The requested $1,360,000 will support research and training opportunities abroad for 362 teachers and prospective teachers of foreign language and area studies. A total of $750,000 will provide doctoral dissertation research fellowships for 111 advanced graduate students. An estimated $300,000 will be used to assist 9 high priority group projects providing (1) intensive training at an advanced level in selected non-Western languages, and (2) summer workshops or seminars related to domestic ethnic studies programs and to the development of intercultural understanding in U.S. schools. The sum of $160,000 will provide cost-sharing grants for 20 American institutions bringing foreign educational consultants to the United States to assist in developing instructional materials. In addition, $140,000 will provide 20 fellowships for faculty research in East and Southeast Asia and Eastern Europe on international topics related to contemporary issues and problems. Finally, $10,000 will provide professional support services for the Office of Education's grantees abroad.

Plans for Fiscal Year 1974:

Of the $1,360,000 request, $750,000 would make possible 111 doctoral dissertation research fellowships for prospective college teachers of foreign language and area studies with particular emphasis on world areas and disciplines in which there is a significant shortage of well-trained specialists. An additional $140,000 would provide 20 grants for faculty research in East and Southeast Asia and Eastern Europe to reinforce professional skills and to help faculty remain current in their field of specialization. A total of $300,000 is requested to fund 9 group research and training projects abroad for about 230 participants. These participants will attend either inter-university centers abroad for research or advanced training in selected non-Western languages, or summer seminars related to domestic ethnic studies programs. A sum of $160,000 would assist 20 American institutions with cost-sharing grants to bring foreign educational consultants to the United States to help develop instructional materials in international studies. Priority will be given to large school systems, State departments of education, and smaller colleges with teacher education programs. In addition, $10,000 will be allocated for professional support services to the Office of Education grantees abroad.

Fulbright-Hays Training Grants

		1972 Actual	1973 Estimate	1974 Estimate
A.	**Doctoral Dissertation Research Abroad:**			
	Number of fellowships................	151	111	111
	Average cost..........................	$6,526	$6,756	$6,756
	Total cost............................	$ 985,447	$ 750,000	$ 750,000
B.	**Faculty Research Abroad:**			
	Number of fellowships................	2	20	20
	Average cost..........................	$11,155	$7,000	$7,000
	Total cost............................	$ 22,310	$ 140,000	$ 140,000
C.	**Group Projects Abroad:**			
	Number of projects....................	7	9	9
	Average cost..........................	$30,172	$33,333	$33,333
	Total cost............................	$ 211,209	$ 300,000	$ 300,000
	Number of participants................	189	231	231
D.	**Foreign Curriculum Consultants:**			
	Number of projects....................	14	20	20
	Average cost..........................	$6,729	$8,000	$8,000
	Total cost............................	$ 94,213	$ 160,000	$ 160,000
E.	Professional Support Services.........	$ 10,000	$ 10,000	$ 10,000
	TOTAL, FULBRIGHT-HAYS COSTS..........	$1,323,179	$1,360,000	$1,360,000

	1973 Estimate	1974 Estimate	Increase or Decrease
(d) University Community Services	$5,700,000	-0-	-$5,700,000

Narrative

Authority and Purpose:

The program authorized by Title I of the Higher Education Act, provides grants to States to strengthen the community service programs of colleges and universities to help solve community problems. In addition, this program encourages the development of State-wide systems of community service and the establishment of new inter-institutional services and programs.

The Education Amendments of 1972 authorize the Commissioner to reserve 10 percent of sums appropriated to provide assistance to institutions of higher education for the purpose of carrying out special projects and programs designed to seek solutions to technological, social and environmental pollution problems that have regional and national impact.

Operation of the Program:

The State-grant program is administered in each State by an agency appointed by the Governor, under a State Plan approved by the U.S. Commissioner of Education. The State agency determines annually the problem areas to which Title I resources are to be applied. While the State agencies establish program priorities and approve institutional proposals to be funded, the Office of Education provides consultation and leadership to meet national needs.

Accomplishments in fiscal years 1972-1973:

During the fiscal year 1972, the State agencies activated 528 community service projects involving 571 institutions of higher education, and approximately one million participants. In addition, large numbers of persons were reached by mass media. Of the 528 projects, 108 involved inter-institutional or consortium arrangements.

During 1972, projects involving aid to the disadvantaged and training of local government employees were emphasized. The States supported fewer but larger and more comprehensive programs than in the past. By capitalizing on past experience, effective projects were developed that utilized faculty and students in meaningful long-term community service programs that will remain as permanent features of the institutions.

Although only $5,700,000 was requested for 1973, $15,000,000 was appropriated. Rescission of the $9,300,000 difference is recommended by this budget. As the first stage in phasing out this program, the $5,700,000 will be used to continue a small group of projects initiated in prior years. In 1973, therefore, the total number of projects funded by the States is expected to drop to 200 and to involve approximately 350 institutions. Of the projects supported about 60 will employ the combined resources of 2 or more colleges and universitites.

Objectives for fiscal year 1974:

No funds are requested for the program in 1974. This program has a lower priority than, for example, helping economically disadvantaged obtain a postsecondary education. While many of the projects funded by this program have been useful, program content has been diverse and scattered. It is believed that cooperation between universities and communities can occur without a special Federal program to finance the projects.

Program Statistical Data:

	1972 Actual	1973 Estimate	1974 Estimate
Number of projects	528	200	---
Number of institutions participating	571	350	---
Inter-institutional projects	108	60	---
Participants	950,000	400,000	---
Average cost per project	$15,820	$23,000	---
Percentage of funds benefiting the poor	20%	20%	---
Percentage of funds integrated with:			
Model Cities Programs	8%	4%	---
Environmental education	25%	21%	---
Local government training	17%	15%	---
Drug abuse education	10%	5%	---

	1973	1974	Increase or Decrease
(e) Aid to Land-Grant Colleges			
(1) Permanent Appropriations	$2,700,000	$2,700,000	---
(2) Bankhead-Jones Act.............	---	---	---
(3) Guam, Lump sum in lieu of land..	3,000,000	---	-$3,000,000
(4) Virgin Islands, lump sum in lieu of land	3,000,000	---	-$3,000,000
Total.......................	$8,700,000	$2,700,000	-$6,000,000

Narrative

Authority and Purpose:

In 1862, the Congress provided Federal aid to higher education with the First Morrill Act which granted to each State public lands or the equivalent in script. The proceeds from the sale of this land were to be used to endow, support, and maintain colleges for, among other subjects, the teaching of agriculture and the mechanic arts. In 1890, the Second Morrill Act provided for permanent annual appropriations. By subsequent supplemental legislation this now amounts to $2,700,000 and assures an annual grant of $50,000 to each State, Puerto Rico, Virgin Islands, Guam, and the District of Columbia. In 1935, the Congress passed the Bankhead-Jones Act, Section 22 of which, as amended, authorizes an annual appropriation of $12,460,000.

Fiscal Year 1973 and 1974:

The Education Amendments of 1972 provided that the College of the Virgin Islands and the University of Guam shall be considered land-grant colleges established for the benefit of agriculture and mechanic arts in accordance with the provisions of the Act of July 2, 1972. In addition to granting them land-grant status they each received a one-time endowment of $3,000,000 in lieu of land.

Bankhead-Jones funds are a relatively minor source of funds for these colleges and universities, which include some of the strongest and most prestigious educational institutions in the country. The smaller and poorer land-grant institutions, particularly the predominantly black land-grant institutions in the South, will continue to be aided by the developing institutions program (Title III of the Higher Education Act of 1965. The budget, therefore, requests rescission of the $10,000,000 appropriated for the Bankhead-Jones program, and requests no funds for 1974.

	1973 Estimate	1974 Estimate	Increase or Decrease
(f) State Postsecondary Education Commissions--Administration and Planning..........................	---	$3,000,000	$+3,000,000

Narrative

Authority and Purpose:

Section 1202 of Title XII of the Higher Education Act, as amended, provides for the establishment of State Postsecondary Education Commissions which are broadly and equitably representative of the general public and public and private nonprofit and proprietary institutions of postsecondary education in the States including community colleges, junior colleges, postsecondary vocational schools, area vocational schools, technical institutes, four-year institutions of higher education and branches, thereof.

Request for fiscal year 1974:

In fiscal year 1974, an appropriation of $3,000,000 is requested for this program. This is the first full year of operation of the new Commissions, and it is anticipated that $3,000,000 will provide the necessary funds for both their administrative expenses and the initiation of broad comprehensive planning.

	1973	1974	Increase or Decrease
College personnel development:			
(a) College teacher fellowships......	$ 20,000,000	$ 5,806,000	$-14,194,000
(b) Allen J. Ellender fellowships....	500,000	500,000	---
(c) Fellowships for disadvantaged....	---	750,000	+750,000
Total..........................	20,500,000	7,056,000	-13,444,000

Narrative

The 1974 budget continues the phase-out of the college teacher fellowships, and it includes requests for Ellender fellowships and fellowships for disadvantaged. In the case of college teacher fellowships, funds are requested to allow veterans to resume fellowships interrupted by service. The Ellender fellowships are to help high school students and their teachers learn about the Federal government. The $750,000 requested under fellowships for disadvantaged will allow the Office of Education to continue the CLEO (Council on Legal Educational Opportunity) program provided that the authorizing legislation is amended as described under that subactivity.

	1973	1974	Increase or Decrease
College Personnel Development:			
(a) College Teacher Fellowships (HEA IX - B)...............	$20,000,000	$5,806,000	($-14,194,000)

Authority and Purpose:

Title IX, Part B of the Higher Education Act authorizes fellowships to students studying for the Ph.D. degree, or equivalent, who intend to become college teachers. This program aids graduate schools in developing interdisciplinary programs designed to prepare teachers in fields of emerging manpower needs, and helps Fellows, after military service, resume their preparation for academic careers in such fields.

Limits of Assistance:

Fellowship holders receive a stipend of $3,000 for the year. In addition, they receive a dependency allowance of $500 per dependent. The institutions attended by the fellows receive an educational allowance of $3,000 per year.

Fiscal Years 1973 and 1974:

The program was initiated to remedy a shortage of college teachers with Ph.D. degrees. That purpose has been accomplished, and the program, therefore, is being phased out. The Office has made no first year awards ("new starts") since academic year 1971-72 (1971 Appropriation).

A fiscal year 1973 appropriation of $20,000,000 will support (during 1973-74) 2,100 fellows in their third year of doctoral study. In addition, it will support 880 veterans resuming their fellowships after completion of their military service. No new fellowships will be awarded.

A fiscal year 1974 appropriation of $5,806,000 will support (during 1974-75) 876 fellowships for veterans.

College Teacher Fellowships

Program Statistical Data

	Average 1972	Cost[1] 1973 & 1974	FY 1972 No. of Awards	FY 1972 Amount	FY 1973 No. of Awards	FY 1973 Amount	FY 1974 No. of Awards	FY 1974 Amount
First Year (new)	$5,400	$6,500	-0-	-0-	-0-	-0-	-0-	-0-
Second Year	5,725	6,625	2,100	$11,802,000	-0-	-0-	-0-	-0-
Third Year	6,050	6,725	2,370	14,079,000	2,100	$14,170,000	-0-	-0-
Veterans	5,825	6,625	180	1,029,000	880	5,830,000	876	$5,806,000
Grand Totals			4,650	$26,910,000	2,980	$20,000,000	876	$5,806,000

(1) In 1973-74 a new stipend and institutional allowance will go into effect; i.e., $3,000 stipend and $3,000 Institutional allowance. Dependency allowance will remain at $500 per dependent.

	1973	1974	Increase or Decrease
College personnel development			
(b) Allen J. Ellender Fellowships......	$500,000	$500,000	---

Authority and Purpose:

P.L. 92-506 authorizes the Commissioner of Education to make grants to the Close Up Foundation of Washington, D. C. to help the foundation carry out its program of increasing understanding of the Federal Government among secondary school students, their teachers, and the communities they represent.

Operation of the program:

The Commissioner enters into an annual agreement with the Close Up Foundation based upon an application which authorizes: 1,500 fellowship grants for economically disadvantaged secondary school students and to secondary school teachers. No more than one secondary school teacher in each participating school may receive a fellowship grant.

Accomplishments during fiscal year 1973:

This is the first year in which funds have been appropriated for this program. The $500,000 will support a program beginning in the Spring.

Plans for fiscal year 1974:

Approximately 1,500 additional fellowship grants will be awarded made to economically disadvantaged secondary school students and their teachers.

	1973	1974	Increase or Decrease
(c) College Personnel Development Fellowships for the Disadvantaged.....	---	$750,000	$+750,000

Narrative

Authority and Purpose:

Legislation will be proposed to permit the Office of Education to fund CLEO (Council on Legal Educational Opportunity) as it has been funded by the Office of Economic Opportunity. While section 961(a)(2) of the Higher Education Act was intended to authorize funding CLEO, it requires payments for each participant which, combined with the $1,000,000 appropriation limit, would force a drastic reduction in the number of participants. The proposed legislation would permit funding CLEO administrative costs as OEO has.

Need

In 1970, only one percent of the lawyers in the United States were black, Spanish-Speaking, or American Indian, while these minorities constitute about 17 percent of the general population. As laws and regulations increase in complexity, the need for competent legal counsel to serve the disadvantaged becomes imperative, especially in the areas of housing, consumer credit, medical assistance and welfare programs. Increasingly, the need is for attorneys with backgrounds similar to those of their clients.

Recruitment of more minority law students has been impeded because of several factors. One important factor, to which this fellowship program is addressed, is the lack of adequate financial resources.

Accomplishments during 1973:

It is expected that 1973 Office of Economic Opportunity (OEO) funds will support the program during the 1973-74 academic year. OEO is expected to obligate $220,000 for administrative costs and $500,000 for support of the participants. The $500,000 is for 200 participants at $1,000 each for 3 years with a minus of $100,000 for expected attrition:

200 participants times $1,000	=	$ 200,000
Multiplied by 3 years	=	600,000
Minus $100,000 expected attrition	=	500,000
Plus CLEO administrative expenses of $220,000	=	750,000

The $1,000 a year shown above helps finance the students once they are in law school. To help the students qualify for entry into law school, the Office of Education will pay about $200,000 for Summer institutes.

Plans for 1974:

As mentioned above, legislation will be submitted to permit the Office of Education to fund the program as it has been funded by OEO. Under current legislation, the $750,000 requested would fund only 31 students, compared with 200 under OEO, and would provide nothing for CLEO administration.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Basic opportunity grants

	1974	
1973	Authorization	Budget Estimate
$622,000,000	Indefinite	$959,000,000

Purpose: In conjunction with other forms of aid, the purpose is to enable qualified students to overcome financial obstacles to a postsecondary education.

Explanation: The Commissioner will develop a needs analysis system including a schedule of expected family contribution for this program and submit it to Congress for approval. At full-funding no Basic Grant can exceed one-half of the total cost of attendance at the institution in which the student is enrolled. At less than full-funding the law provides a specific formula for reducing the amount of each student's grant. Since, in no case, can Basic Grants exceed one-half cost of attendance, this program must be supplemented by other forms of student aid.

Accomplishments in 1973: The $622,000,000 requested in 1973 will fund the first year of the program in academic year 1973-74. That amount is expected to provide grants averaging $400 to 1,577,000 students. Of the $622,000,000 total, $11,500,000 will be used to administer the program.

Objectives for 1974: It is estimated that the requested $959,000,000 will fully fund the program in 1974-75 in addition to paying $11,500,000 in administrative costs. The 1,577,000 grants would average $600.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: College work-study (Title IV-C, Higher Education Act of 1965, as amended)

	1974	
1973	Authorization	Budget Estimate
$250,000,000	$390,000,000	$250,000,000

Purpose: For some students, Work-study earnings will supplement Basic Opportunity Grants. The requested funds will provide grants to institutions for a portion of the wages paid to needy students. Under the 1972 amendments preference for employment under the program is given to students with the greatest financial need, taking into account grant assistance provided from any public or private sources. Previously, preference was given to students from low-income families.

Explanation: Funds are awarded and administered under an agreement between the Commissioner and each eligible institution of higher education, proprietary institutions of higher education or area vocational-technical schools. The institution applies for funds expected to be needed by its students; the applications are then reviewed by a Regional Panel composed of practicing financial aid officers and Federal financial aid staff members. Funds are distributed among the institutions within a State by formula, based on the Regional Panel's recommendations. Federal funds may be used to pay up to 80 percent of the wages paid to students selected by the institution for participation; the institution must provide the matching share of 20 percent. Employment may be for the institution itself or at public or private nonprofit agencies with which the participating institution has contracted. Both full-time and half-time students attending eligible institutions are now eligible. Previously only full-time students could be employed under the program.

Accomplishments in 1973: Funds appropriated for the fiscal year 1973 will be used for program operation during academic year 1973-74 and, in some cases, will provide additional financial aid to Basic Grant recipients.

Objectives for 1974: The same level of support is requested in 1974 as for 1973. The budget request anticipates aid to 545,000 students in 1974-75, the same as the 1973-74 level.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Cooperative education

	1974	
1973	Authorization	Budget Estimate
$10,750,000	$10,750,000	$10,750,000

Purpose: This program alternates periods of full-time study with periods of full-time career-related work, thus providing students with both a means of financial assistance and with work experience.

Explanation: After an institution has met eligibility requirements established by the Commissioner, its proposal is reviewed and evaluated by a panel of consultants from outside the Office of Education. The final funding decision rests with the Office of Education. To the extent that funds are available, proposals are supported according to their merit, with special attention given to the national and educational needs to be served. After notification of award has been made and accepted by an institution, the grantee and Cooperative Education staff negotiate the budget in the context of program objectives.

Accomplishments in 1973: The 1973 budget request of $10,750,000 will enable funding some 250 grantees for an average of $40,000, thus enabling 250,000 to 300,000 students to participate. Awards this year also will support research and training of program directors and coordinators as well as program administration at institutions of higher education.

1974 Planning Objectives: The requested appropriation will continue the 1973 level. Most of the 250 grants will go to higher education institutions for the administration of cooperative education programs. In addition, some grants will be for training administrators and others for research programs in cooperative education.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Guaranteed Student Loan Program

	1974	
1973	Authorization	Budget Estimate
$245,000,000	Indefinite	$310,000,000

Purpose: The objective of the Guaranteed Student Loan Program is to make it possible for students to borrow from private lenders to help pay for the cost of education and training at universities, colleges, and vocational schools with the Federal Government paying part of the interest for qualified students. Loans are either guaranteed by State or private nonprofit agencies or insured by the Federal Government.

Explanation: Most colleges, universities and schools of nursing and many vocational and technical schools are eligible. Generally, any public or private educational institution located in the United States or elsewhere that offers at least a one-year program of study leading to a degree or employment in a recognized occupation is eligible.

Banks, savings and loan associations, credit unions, pension funds, insurance companies and similar institutions subject to examination and supervision by the State or Federal Government are eligible to become lenders under this program. Eligible schools and State agencies may also qualify as lenders.

The main items of expense are "interest benefits" to students and a special allowance for lenders. While the student is in school, during the maximum 12-month grace period, and during periods of authorized deferment, the Federal Government pays the total interest up to the maximum 7 percent on loans that qualify for such a subsidy. Through February 28, 1973, students whose adjusted family income was less than $15,000 per year qualified for the subsidy. Under the Education Amendments of 1972 (P.L. 92-318) to become effective March 1, 1973, students apply for Federal interest benefits by submitting to the lender a recommendation by the educational institution as to the amount needed by the student to meet his educational costs. The special allowance varies with the condition of the money market and the unpaid balance of loans made after August 1, 1969.

Accomplishments in 1973: In fiscal year 1973, an estimated total of 1,256,000 loans amounting to $1.3 billion were guaranteed. A funding level of $245 million was required to support this new loan volume and prior year loans.

Objective for 1974: In fiscal year 1974, a funding level of $310 million is required to support prior year loans and estimated new loan volume of 1.5 million loans for $1.7 billion.

Guaranteed Student Loans

Loans Approved	1972	1973(Estimate)	1974(Estimate)
Number	1,256,000	1,256,000	1,533,000
Amount	$1,301,577,000	$1,355,830,000	$1,671,000,000
Average	$1,036	$1,079	$1,090

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Direct loans

	1974	
1973	Authorization	Budget Estimate
$293,000,000	$400,000,000	$5,000,000

Purpose: The direct loan program was established to encourage and assist institutions of higher education in making low-interest loans available to needy students. There is a provision for loan cancellation benefits to students who enter the field of teaching or military service.

Explanation: Federal capital contributions are allotted to the States on a formula basis. Institutions apply to the Office of Education for their share of the State allotment but must match one-ninth of the Federal share. Loans are made to the institutions who find this matching a hardship. If eligible requests exceed funds available, funds are distributed in the same ratio to request as total availability to total request.

Accomplishments in 1973: It is estimated that 624,500 students will borrow $430,919,000 under this program during 1973 and that $23,600,000 will be obligated late in 1973 for use by students during academic year 1973-74.

Objectives for 1974: In addition to the $23,600,000 obligated late in 1973, another $40,000,000 is likely to be carried over into 1974 by institutional revolving funds compared with an estimated $30,000,000 to be carried into 1975. Repayment of loans is estimated at $150,000,000. The net of these and other transactions should produce $180,883,000 for use during 1974 although no new capital will be supplied by the Federal Government. This will make loans averaging $600 available to 301,500 students.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Special programs for disadvantaged students

	1974	
1973	Authorization	Budget Estimate
$70,331,000	$100,000,000	$70,331,000

Purpose: The special programs for disadvantaged students encompass Talent Search, Upward Bound, Special Services in College, and Educational Opportunity Centers. All these are concerned with helping disadvantaged students receive a postsecondary education. Talent Search seeks out those who are financially and culturally needy but are of obvious college material. Upward Bound looks for those whose potential is hidden or at least not academically discernible. Special Services in College provides guidance, counseling, remedial teaching and other encouragement to those already accepted by or in college who need special attention just to start off even with other students.

Explanation: Talent Search grants to or contracts with institutions of higher education, public and private agencies, combinations of institutions of higher education and public and private nonprofit agencies and organizations may be made in amounts up to $100,000 per year.

Upward Bound grants are awarded on a competitive basis from proposals submitted by accredited institutions with residential facilities.

Special Services grants are awarded on a competitive basis from proposals submitted by institutions of higher education or combinations of same.

Accomplishments in 1973: The $70,331,000 requested in 1973 will serve 264,000 students during academic year 1973-74. Special emphasis will be given to the funding of projects which serve Spanish-surnamed and American Indian youth and projects with career education components.

Plans for 1974: With the same level of funding in 1974 as in 1973, the program will be similar except that the new Educational Opportunity Centers will be funded for the first time. Compared with 1973, Special Services in College will be reduced by $3,000,000 to make funds available for the centers. The centers will perform services similar to those under Talent Search and Special Services in for Disadvantaged, but the centers will serve students in a particular area. They are not attached to a particular school.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Strengthening developing institutions

1973	1974 Authorization	1974 Budget Estimate
$99,992,000	$120,000,000	$99,992,000

Purpose: Grants are made to strengthen institutions of higher education which need financial assistance in order to develop as institutions offering a quality education to the students they serve.

Explanation: Proposals submitted by institutions of higher education are reviewed by a panel of readers. Recommendations are made to the program staff for final decision. Proposals are reviewed for quality and for their capacity to serve the needs of low-income students, especially minority groups.

Accomplishments in 1973: With $51,992,000 of the 1973 funds, 200 previously funded projects and 26 new projects will be funded. This part of the program will include $3,300,000 for Teacher Training in Developing Institutions, to increase the capacity of developing institutions to provide higher quality of teaching training.

The remaining $48,000,000 of the request will be concentrated on large grants to high potential institutions to help them achieve a breakthrough in institutional development.

Plans for 1974: The 1974 funds will be used to continue the 1973 effort through academic year 1974-75. As in 1973, the on-going program will fund 226 grants in which 510 institutions will participate. More rapid and visible progress toward a developed state is expected in the case of institutions selected to participate in the advanced institutional development program. Again, $48 million of the $99,992,000 will be used to fund a limited number of grants to developing institutions which have the greatest potential for development during the next three to five years based upon a combination of factors including their mission, past performance, current strengths, and plans for the future. The intention is to provide these institutions large enough grants, averaging $1.4 million to be spent over a three-year period, to permit them to achieve a real breakthrough in institutional development.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Construction

		1974	
	1973	Authorization	Budget Estimate
Appropriation..	$17.069,000 1/	$425,750,000	$31,425,000
Obligations .	34,425,000 1/		31,425,000

1/ Includes State administration and planning.

Purpose: To provide grants, loans, and interest subsidies to institutions of higher education to assist in financing the construction of academic facilities.

Explanation: Prior to fiscal year 1970, grants and direct loans were the primary method of Federal financing for higher education construction. In 1970, the Annual Interest Grant program was put into operation as a means of assisting more institutions. Through the end of 1972, the Federal Government had agreed to pay interest subsidies on loans amounting to $1,234,571,000. In 1972, $43,000,000 was appropriated for facility grants though no funds were requested and none are requested for 1973 or 1974.

Objectives for 1973: Under the Annual Interest Grant program in 1973, $26,925,000 will be obligated for continuation support of prior year loans, $4,500,000 new grants to support an estimated $200,000,000 in loans. This level of new loans is a significant reduction from the 1972 level of $515,089,000, but is considered sufficient to cover the highest priority needs. For State administration, $3,000,000 will be granted to States, a part of which will be used to establish the agencies authorized by Section 1202 of the Higher Education Act.

1974 Planning Objectives: Although many colleges and universities still need some additional space to accommodate a continued increased in enrollment, the need for new construction is not now the national problem that it was in the sixties. Enrollment increase has slowed and new technology, better utilization, and changes in educational delivery systems permit the use of less space per student. It is believed that in 1974 funds from non-Federal sources should be sufficient for construction of the most urgently needed facilities. Furthermore, the authority of States to issue securities which are exempt from Federal taxes gives them substantial borrowing power with which to aid public institutions. For these reasons, and because of administration priorities, no funds are requested for construction grants or for new loans. Since no Federally assisted new construction is anticipated, no funds are requested for State Administration and planning for such construction. For the State postsecondary commission authorized by section 1202 of the Higher Education Act, however, $3,000,000 is requested.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Language training and area studies

	1974	
1973	Authorization	Budget Estimate
$ 2,360,000	$ 1/	$ 1,360,000

1/ Indefinite for Fulbright-Hays and $75,000,000 for NDEA VI.

Purpose: Programs funded under this activity are aimed at improving the capabilities and resources of American educational institutions for research and training in international studies. University centers, programs, fellowships, and research in the U.S. are supported as well as research and training abroad.

Explanation: Applications are received from U.S. institutions of higher education, individual researchers, State education agencies, public school systems, and non-profit education agencies. All new proposals are reviewed by the program staff with the advice of outside academic consultants. The staff recommends final approval on all projects to the Director of the Institute of International Studies. Recommended overseas projects are also forwarded to appropriate U.S. diplomatic missions and binational commissions for comment on feasibility. A final review for overseas projects under the Fulbright-Hays Act is made by the Board of Foreign Scholarships, an autonomous body appointed by the President to provide general supervision for all programs carried out under this Act.

Accomplishments in 1973: For fiscal 1973, $1,000,000 is requested to phase out work authorized by Title VI of the National Defense Education Act. About $470,000 has already been obligated under authority of the continuing resolution to fund 14 foreign language and area studies research projects. The remaining $530,000 will fund the final phase of the 18 two-year pilot programs in international studies initiated in fiscal year 1972.

To continue the Fulbright-Hays program, $1,360,000 is requested. This amount will support research and training opportunities abroad for 362 teachers and prospective teachers of foreign language and area studies. The breakdown of 1973 activities is virtually identical to that listed below for fiscal 1974.

Objectives for 1974: The fiscal 1974 estimate of $1,360,000 covers only the Fulbright-Hays portion of language training and area studies. This estimate includes $750,000 for 111 doctoral dissertation research fellowships, $140,000 for 20 faculty research grants, $300,000 for 9 group research and training projects, $160,000 for 20 American institutions, and $10,000 for professional support services to Office of Education grantees abroad.

No funds are requested for centers, fellowships, and research authorized by NDEA VI. The Centers can continue without Federal support which, on the average, accounts for only 10 percent of their budgets. The urgent need for highly trained specialists has largely been met, and it is expected that the continuing need for such personnel can be satisfied by individuals who are interested enough to pursue the career in the absence of a special Federal program.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: University community services (Title I, Higher Education Act of 1965)

	1974	
1973	Authorization	Budget Estimate
\$5,700,000[1/]	\$40,000,000	---

1/ Includes \$100,000 for Advisory Committee.

Purpose: The University Community Service grants strengthen community service programs of colleges and universities to help solve community problems.

Explanation: Funds are awarded on a formula basis to the 50 States, the District of Columbia, Guam, Puerto Rico, Virgin Islands and American Samoa. Each State has to provide one-third matching funds based on the total cost of its approved programs. A State agency appointed by the governor administers the funds in each State by determining priorities and approving proposals. The Office of Education provides consultative services and offers leadership in identifying and encouraging the funding of national priorities.

Accomplishments in 1973: Because the administration is giving a higher priority in 1973 to the other programs, only \$5,700,000 (including \$100,000 for the advisory committee) was requested. This budget requests the Congress to rescind the \$9,300,000 difference between the request and the \$15,000,000 appropriated.

Objectives for 1974: While many of the projects funded by this program have been useful, program content has been diverse and impact has been scattered. One feature that is common to the diverse projects is cooperation between the university and the community. Such cooperation should not require Federal funding. For these reasons no appropriation is requested for 1974.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Aid to land-grant colleges

	1974	
1973	Authorization	Budget Estimate
$8,700,000[1]	$15,160,000[1]	$2,700,000[1]

[1] Includes $2,700,000 for the permanent appropriation under the Second Morrill Act.

Purpose: Funds are awarded to support instruction in agriculture, the mechanic arts, the English language and various branches of the sciences.

Explanation: The Second Morrill Act of 1890, as amended, provides a permanent annual appropriation of $2,700,000 to be allotted, $50,000 to each State, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands. The Bankhead-Jones Act, as amended, authorizes an annual appropriation of $12,460,000.

Accomplishments in 1973: In fiscal year 1973, $2,700,000 will be distributed under the Second Morrill Act. No funds were requested under Bankhead-Jones and it is requested that the $10,000,000 appropriated be rescinded. As authorized by the Education Amendments of 1972, a onetime $6,000,000 endowment was appropriated as an endowment in lieu of a land grant for Guam and the Virgin Islands.

1974 Planning Objectives: Bankhead-Jones funds are a relatively minor source of funds for most land-grant institutions which include some of the strongest and most prestigious colleges and universities in the country. The smaller and poorer land-grant institutions that are exceptions to this rule are those predominantly black schools that are being aided by the developing institutions program (Title III of the Higher Education Act). In 1974, therefore, no funds are requested. The $2,700,000 represents the permanent appropriation under the Second Morrill Act.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: State postsecondary education commissions (Section 1202, Higher Education Act, as amended)

	1974	
1973	Authorization	Budget Estimate
$ —	Indefinite	$ 3,000,000

Purpose: For comprehensive planning of postsecondary education by State agencies as authorized by Section 1202 of the Higher Education Act, as amended.

Accomplishments in 1973: A part of the 1973 appropriation under the heading State administration and planning for construction will be available to start up the new agencies.

Objectives for 1974: The $3,000,000 requested in 1974 will finance the first full year of the new postsecondary planning agencies authorized by section 1202 of the Higher Education Act.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: College teacher fellowships (Title IX, Part B, Higher Education Act, as amended)

	1974	
1973	Authorization	Budget Estimate
$ 20,000,000	$ 1/	$ 5,806,000

1/ 7,500 new fellowships plus continuations.

Purpose: To prepare persons for academic careers in educational programs beyond the high school level. Recipients must be pursuing, or intending to pursue, a course of study leading to a degree, of doctor of philosophy, doctor of arts, or an equivalent degree, but shall not be for study at a school or department of divinity. This program, authorized by Part B of title IX of the Higher Education Act, as amended, is a continuation and modification of the program previously authorized by title IV of the National Defense Education Act.

Explanation: A panel of university faculty members, working as Office of Education consultants, review and recommend specific doctoral programs at applying institutions to the Commissioner for final approval of a fellowship award.

Accomplishments in 1973: A fiscal year 1973 appropriation of $20,000,000 will support (during 1973-74) 2,100 third year awards plus the cost of 880 veterans resuming their fellowships after their military service. No new fellowships will be awarded.

Objectives for 1974: The requested $5,806,000 is only to permit veterans to resume fellowships after their military service. This program was initiated to remedy a shortage of college teachers with PhD degrees. That purpose has been accomplished and, therefore, the program is being phased out. The Office has made no first year awards ("new starts") since academic year 1971-72 (1971 appropriation).

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Allen J. Ellender Fellowships (P.L. 92-506)

	1974	
1973	Authorization	Budget Estimate
$ 500,000	$ 500,000	$ 500,000

Purpose: To increase understanding of the Federal government by secondary school students and their teachers.

Explanation: P.L. 92-506 authorizes the Commissioner of Education to make grants to the Close Up Foundation of Washington to achieve the purpose of the program.

Accomplishments in 1973: It is estimated that 1,500 participatns will benefit from the 1973 appropriation during the coming Spring, Summer and early Fall.

Objectives for 1974: The 1974 program is likely to be much like the one financed by the 1973 appropriation.

OFFICE OF EDUCATION

Higher Education

Program Purpose and Accomplishments

Activity: Fellowships for disadvantaged (Title IX, Part D, Higher Education Act, as amended)

	1974	
1973	Authorization	Budget Estimate
$ ---	$ 1,000,000	$ 750,000

Purpose: A program of fellowships for disadvantaged is authorized by Part D, Title IX of the Higher Education Act as amended.

Explanation: In 1972 the Office of Economic Opportunity funded stipends, the main cost of project CLEO (Council on Legal Educational Opportunity) while the Office of education paid for a summer institute. Since the project has passed through its experimental stage, it is appropriate that it be transferred to an operating agency.

Accomplishments in 1973: It is expected that 1973 Office of Economic Opportunity (OEO) funds will support the program during the 1973-74 academic year. OEO is expected to obligate $220,000 for administrative costs and $500,000 for support of the participants. The $500,000 is for 200 participants at $1,000 each for 3 years with a minus of $100,000 for expected attrition:

200 participants times $1,000 = $ 200,000
Multiplied by 3 years = 600,000
Minus $100,000 expected attrition = 500,000
Plus CLEO administrative expenses of $220,000 = 750,000

The $1,000 a year shown above helps finance the students once they are in law school. To help the students qualify for entry into law school, the Office of Education will pay about $200,000 for Summer institutes.

Plans for 1974: As mentioned above, legislation will be submitted to permit the Office of Education to fund the program as it has been funded by OEO. Under current legislation, the $750,000 requested would fund only 31 students, compared with 200 under OEO, and would provide nothing for CLEO administration.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Higher Education

Student Assistance
Supplemental Educational Opportunity Grants

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ 221,488,694	---	---
Alabama	3,800,040	---	---
Alaska	147,197	---	---
Arizona	2,301,114	---	---
Arkansas	1,812,071	---	---
California	22,463,964	---	---
Colorado	2,929,902	---	---
Connecticut	2,923,231	---	---
Delaware	542,283	---	---
Florida	5,381,670	---	---
Georgia	3,966,716	---	---
Hawaii	648,149	---	---
Idaho	793,334	---	---
Illinois	11,005,411	---	---
Indiana	5,130,479	---	---
Iowa	3,636,927	---	---
Kansas	3,147,066	---	---
Kentucky	2,870,457	---	---
Louisiana	4,077,257	---	---
Maine	927,336	---	---
Maryland	3,144,952	---	---
Massachusetts	8,054,190	---	---
Michigan	9,953,264	---	---
Minnesota	5,045,527	---	---
Mississippi	2,811,150	---	---
Missouri	4,776,264	---	---
Montana	1,021,238	---	---
Nebraska	1,951,131	---	---
Nevada	234,630	---	---
New Hampshire	1,080,815	---	---
New Jersey	5,196,864	---	---
New Mexico	1,338,002	---	---
New York	20,205,908	---	---
North Carolina	5,449,675	---	---
North Dakota	1,151,014	---	---
Ohio	9,841,163	---	---
Oklahoma	3,310,965	---	---
Oregon	3,279,914	---	---
Pennsylvania	10,613,534	---	---
Rhode Island	1,233,993	---	---
South Carolina	2,191,659	---	---

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
South Dakota	$ 1,276,219	---	---
Tennessee	4,233,838	---	---
Texas	10,970,632	---	---
Utah	1,930,560	---	---
Vermont	897,523	---	---
Virginia	3,685,789	---	---
Washington	3,922,389	---	---
West Virginia	1,833,047	---	---
Wisconsin	6,319,322	---	---
Wyoming	557,015	---	---
District of Columbia	1,646,557	---	---
American Samoa	2,386	---	---
Guam	17,500	---	---
Puerto Rico	1,745,074	---	---
Virgin Islands	10,044	---	---
Undistributed	2,050,343	---	---

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Higher Education

Student Assistance
Work-Study

State or Outlying Area	1972 Actual	1973 1/ Estimate	1974 1/ Estimate
TOTAL	$ 424,476,179	$250,000,000	$250,000,000
Alabama	10,283,843	4,876,628	4,876,628
Alaska	442,327	302,947	302,947
Arizona	3,766,386	2,346,602	2,346,602
Arkansas	5,976,343	2,714,406	2,714,406
California	39,739,051	21,856,821	21,856,821
Colorado	5,192,794	2,789,208	2,789,208
Connecticut	4,641,904	2,782,185	2,782,185
Delaware	951,922	585,759	585,759
Florida	12,130,972	6,916,562	6,916,562
Georgia	9,851,964	5,480,793	5,480,793
Hawaii	1,597,470	884,579	884,579
Idaho	1,698,248	874,126	874,126
Illinois	18,523,204	10,436,773	10,436,773
Indiana	7,848,231	4,915,187	4,915,187
Iowa	6,827,892	3,097,076	3,097,076
Kansas	5,099,971	2,614,071	2,614,071
Kentucky	8,523,832	4,073,792	4,073,792
Louisiana	9,680,118	5,684,938	5,684,938
Maine	2,112,894	1,051,940	1,051,940
Maryland	5,827,711	3,801,188	3,801,188
Massachusetts	15,684,626	5,967,459	5,967,459
Michigan	16,396,125	5,841,110	5,841,110
Minnesota	8,476,094	4,179,578	4,179,578
Mississippi	8,675,722	4,128,105	4,128,105
Missouri	9,811,841	5,017,206	5,017,206
Montana	4,009,948	569,870	569,870
Nebraska	3,372,151	1,688,044	1,688,044
Nevada	694,839	380,607	380 607
New Hampshire	1,666,192	734,640	734,640
New Jersey	9,424,298	5,884,063	5,884,063
New Mexico	3,086,172	1,687,412	1,687,412
New York	29,706,737	18,104,023	18,104,023
North Carolina	14,730,041	6,296,583	6,296,583
North Dakota	1,979,058	848,432	848,432
Ohio	17,340,402	10,411,728	10,411,728
Oklahoma	6,175,761	3,230,510	3,230,510
Oregon	6,648,739	2,519,281	2,519,281
Pennsylvania	19,430,290	11,344,673	11,344,673
Rhode Island	1,800,146	1,050,769	1,050,769
South Carolina	6,320,999	3,615,192	3,615,192

State or Outlying Area	1972 Actual	1973 Estimate [1]	1974 Estimate [1]
South Dakota	$ 2,166,447	$ 957,827	$ 957,827
Tennessee	10,616,725	5,003,523	5,003,523
Texas	24,908,988	13,313,208	13,313,208
Utah	3,087,246	1,608,861	1,608,861
Vermont	1,096,807	544,168	544,168
Virginia	8,515,158	4,937,845	4,937,845
Washington	6,580,039	3,814,561	3,814,561
West Virginia	5,099,061	2,369,137	2,369,137
Wisconsin	9,198,219	4,834,893	4,834,893
Wyoming	1,038,470	401,260	401,260
District of Columbia	2,975,782	1,129,851	1,129,851
American Samoa	---	5,000,000	5,000,000
Guam	309,001		
Puerto Rico	2,028,259		
Virgin Islands	48,000		
Canal Zone			
Undistributed	660,719	24,500,000	24,500,000

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[1] Estimated distribution of $250,000,000 with 2% (5,000,000) reserved for the areas and 90% ($220,500,000) of the balance distributed 1/3 on the basis of the total full-time degree-credit and nondegree-credit enrollment in institutions of higher education, Fall 1971; 1/3 on the total estimated high-school graduates, 1970-71; 1/3 on related children under 18 in families with incomes under $3,000 p.a. (1969). The balance will be distributed in accordance with the Higher Education Act, Title IV, Part C, Sec. 442(c).

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Higher Education

Direct Student Loans (HEA IV, Part E)

State or Outlying Area	1972 Actual	1973 1/ Estimate	1974 Estimate
TOTAL	$ 286,000,000	$286,000,000	---
Alabama	4,528,112	4,441,442	---
Alaska	136,350	156,846	---
Arizona	3,164,480	3,045,054	---
Arkansas	2,175,990	2,461,325	---
California	31,503,875	31,544,066	---
Colorado	4,320,024	4,287,303	---
Connecticut	3,964,069	3,864,032	---
Delaware	686,315	705,510	---
Florida	7,589,045	7,940,427	---
Georgia	5,145,229	4,961,738	---
Hawaii	697,387	952,330	---
Idaho	857,169	1,090,373	---
Illinois	14,917,347	14,465,991	---
Indiana	7,839,243	7,642,967	---
Iowa	5,307,992	5,172,086	---
Kansas	4,296,946	4,177,715	---
Kentucky	4,306,334	4,132,627	---
Louisiana	4,386,689	4,870,583	---
Maine	1,229,092	1,238,952	---
Maryland	4,436,680	4,513,899	---
Massachusetts	10,991,441	10,948,436	---
Michigan	13,306,913	12,905,554	---
Minnesota	6,630,376	6,545,192	---
Mississippi	3,442,817	3,340,457	---
Missouri	6,815,612	6,738,905	---
Montana	1,289,535	1,239,701	---
Nebraska	2,368,871	2,723,367	---
Nevada	367,920	447,196	---
New Hampshire	1,284,450	1,297,166	---
New Jersey	5,267,143	5,457,257	---
New Mexico	1,642,712	1,588,409	---
New York	24,843,031	24,091,112	---
North Carolina	7,107,640	6,684,175	---
North Dakota	1,400,937	1,382,879	---
Ohio	14,174,229	13,831,350	---
Oklahoma	4,681,363	4,508,978	---
Oregon	4,124,604	4,042,821	---
Pennsylvania	13,369,586	14,403,982	---
Rhode Island	1,570,043	1,585,811	---
South Carolina	2,730,056	2,652,635	---

State or Outlying Area	1972 Actual	1973 1/ Estimate	1974 Estimate
South Dakota	$ 1,377,252	$ 1,371,891	---
Tennessee	5,571,993	5,387,479	---
Texas	10,208,085	11,777,071	---
Utah	1,817,266	2,192,856	---
Vermont	942,471	942,925	---
Virginia	4,717,908	4,967,186	---
Washington	6,077,645	5,887,086	---
West Virginia	2,550,343	2,714,308	---
Wisconsin	7,635,233	7,527,278	---
Wyoming	605,063	580,846	---
District of Columbia	2,266,913	2,244,096	---
American Samoa	---	---	---
Guam	---	4,500	---
Puerto Rico	1,889,886	2,102,716	---
Virgin Islands	10,276	19,113	---
Undistributed	1,432,019	---	---

1/ The $23.6 million balance will be distributed in accordance with the provision of Section 462(a)(1) of the Higher Education Act.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Higher Education

Construction Grants - Public Community Colleges and Technical Institutes

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ 11,436,586	---	---
Alabama	222,008	---	---
Alaska	50,000	---	---
Arizona	98,796	---	---
Arkansas	---	---	---
California	820,975	---	---
Colorado	117,384	---	---
Connecticut	563,208	---	---
Delaware	50,000	---	---
Florida	266,900	---	---
Georgia	238,889	---	---
Hawaii	50,000	---	---
Idaho	50,000	---	---
Illinois	403,619	---	---
Indiana	251,528	---	---
Iowa	173,348	---	---
Kansas	133,295	---	---
Kentucky	193,261	---	---
Louisiana	221,925	---	---
Maine	69,980	---	---
Maryland	155,307	---	---
Massachusetts	246,467	---	---
Michigan	415,948	---	---
Minnesota	228,533	---	---
Mississippi	146,029	---	---
Missouri	230,981	---	---
Montana	50,000	---	---
Nebraska	155,272	---	---
Nevada	50,000	---	---
New Hampshire	---	---	---
New Jersey	283,598	---	---
New Mexico	---	---	---
New York	644,024	---	---
North Carolina	289,495	---	---
North Dakota	50,587	---	---
Ohio	580,661	---	---
Oklahoma	139,085	---	---
Oregon	119,013	---	---
Pennsylvania	625,507	---	---
Rhode Island	50,000	---	---
South Carolina	164,261	---	---

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
South Dakota	$		
Tennessee	224,602	---	---
Texas	515,517	---	---
Utah	75,408	---	---
Vermont	42,865	---	---
Virginia	219,706	---	---
Washington	169,582	---	---
West Virginia	257,239	---	---
Wisconsin	257,591	---	---
Wyoming	50,000	---	---
District of Columbia	50,000	---	---
American Samoa	---	---	---
Guam	---	---	---
Puerto Rico	150,861	---	---
Virgin Islands	---	---	---
Undistributed	825,331	---	---

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Higher Education

Construction Grants - Other Undergraduate Facilities

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ 32,298,889	---	---
Alabama	502,275	---	---
Alaska	50,000	---	---
Arizona	322,297	---	---
Arkansas	401,286	---	---
California	3,626,821	---	---
Colorado	413,023	---	---
Connecticut	449,920	---	---
Delaware	86,226	---	---
Florida	903,782	---	---
Georgia	604,955	---	---
Hawaii	127,557	---	---
Idaho	130,907	---	---
Illinois	1,679,643	---	---
Indiana	825,331	---	---
Iowa	508,237	---	---
Kansas	405,630	---	---
Kentucky	468,112	---	---
Louisiana	554,539	---	---
Maine	149,912	---	---
Maryland	564,861	---	---
Massachusetts	1,029,593	---	---
Michigan	1,454,013	---	---
Minnesota	695,560	---	---
Mississippi	352,399	---	---
Missouri	730,868	---	---
Montana	128,719	---	---
Nebraska	385,076	---	---
Nevada	61,455	---	---
New Hampshire	175,134	---	---
New Jersey	847,431	---	---
New Mexico	262,025	---	---
New York	2,741,170	---	---
North Carolina	753,294	---	---
North Dakota	127,191	---	---
Ohio	1,639,802	---	---
Oklahoma	449,300	---	---
Oregon	396,712	---	---
Pennsylvania	1,755,577	---	---
Rhode Island	157,424	---	---
South Carolina	339,132	---	---

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
South Dakota	$ 182,803	---	---
Tennessee	578,383	---	---
Texas	1,744,074	---	---
Utah	263,205	---	---
Vermont	91,636	---	---
Virginia	722,086	---	---
Washington	615,133	---	---
West Virginia	150,000	---	---
Wisconsin	789,361	---	---
Wyoming	61,431	---	---
District of Columbia	179,496	---	---
American Samoa	---	---	---
Guam	100,000	---	---
Puerto Rico	285,847	---	---
Virgin Islands	100,000	---	---
Adjustments	- 821,755	---	---

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Higher Education

Construction - State Administration

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ 2,790,092	$3,000,000	---
Alabama	52,000	60,000	---
Alaska	6,000	28,000	---
Arizona	42,000	40,000	---
Arkansas	41,000	40,000	---
California	107,500	100,000	---
Colorado	48,000	47,000	---
Connecticut	48,000	49,000	---
Delaware	25,000	32,000	---
Florida	67,000	62,000	---
Georgia	60,000	58,000	---
Hawaii	3,875	32,000	---
Idaho	34,000	33,000	---
Illinois	106,000	98,000	---
Indiana	66,000	64,000	---
Iowa	56,000	62,000	---
Kansas	54,000	56,000	---
Kentucky	29,000	51,000	---
Louisiana	48,000	53,000	---
Maine	25,790	37,000	---
Maryland	53,000	51,000	---
Massachusetts	62,390	93,000	---
Michigan	94,000	87,000	---
Minnesota	61,000	64,000	---
Mississippi	48,000	47,000	---
Missouri	64,000	65,000	---
Montana	35,000	33,000	---
Nebraska	42,000	42,000	---
Nevada	30,000	29,000	---
New Hampshire	36,000	36,000	---
New Jersey	59,000	54,000	---
New Mexico	36,000	37,000	---
New York	125,000	100,000	---
North Carolina	73,000	85,000	---
North Dakota	35,000	35,000	---
Ohio	94,000	87,000	---
Oklahoma	49,000	52,000	---
Oregon	50,000	50,000	---
Pennsylvania	109,000	100,000	---
Rhode Island	35,940	35,000	---
South Carolina	46,998	53,000	---

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
South Dakota	36,000	34,000	---
Tennessee	58,000	62,000	---
Texas	108,000	60,000	---
Utah	36,557	38,000	---
Vermont	34,000	38,000	---
Virginia	60,000	61,000	---
Washington	57,000	57,000	---
West Virginia	40,000	42,000	---
Wisconsin	69,000	83,000	---
Wyoming	31,000	30,000	---
District of Columbia	41,000	39,000	---
American Samoa	---	6,000	---
Guam	25,000	6,000	---
Puerto Rico	34,000	34,000	---
Virgin Islands	25,000	6,000	---
Adjustment	- 21,958	---	---
Reserve	---	121,000	---

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Higher Education

Construction - Comprehensive Planning

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ 3,143,716	---	---
Alabama	58,363	---	---
Alaska	41,006	---	---
Arizona	52,231	---	---
Arkansas	46,576	---	---
California	170,119	---	---
Colorado	55,616	---	---
Connecticut	68,527	---	---
Delaware	38,832	---	---
Florida	67,720	---	---
Georgia	72,478	---	---
Hawaii	---	---	---
Idaho	27,606	---	---
Illinois	98,405	---	---
Indiana	65,910	---	---
Iowa	49,602	---	---
Kansas	58,906	---	---
Kentucky	---	---	---
Louisiana	51,114	---	---
Maine	48,796	---	---
Maryland	59,656	---	---
Massachusetts	103,303	---	---
Michigan	101,203	---	---
Minnesota	42,776	---	---
Mississippi	35,499	---	---
Missouri	66,108	---	---
Montana	47,682	---	---
Nebraska	32,440	---	---
Nevada	25,586	---	---
New Hampshire	45,264	---	---
New Jersey	85,830	---	---
New Mexico	47,894	---	---
New York	145,597	---	---
North Carolina	78,317	---	---
North Dakota	41,412	---	---
Ohio	103,215	---	---
Oklahoma	60,548	---	---
Oregon	50,793	---	---
Pennsylvania	116,131	---	---
Rhode Island	28,622	---	---
South Carolina	55,967	---	---

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
South Dakota	$ 28,475	---	---
Tennessee	69,136	---	---
Texas	111,991	---	---
Utah	47,127	---	---
Vermont	24,687	---	---
Virginia	63,626	---	---
Washington	60,994	---	---
West Virginia	31,732	---	---
Wisconsin	61,562	---	---
Wyoming	42,421	---	---
District of Columbia	47,201	---	---
American Samoa	20,000	---	---
Guam	20,314	---	---
Puerto Rico	44,735	---	---
Virgin Islands	24,065	---	---

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Higher Education

University Community Services

State or Outlying Area	1972 Actual	1973 1/ Estimate	1974 Estimate
TOTAL	$ 9,373,445	5,600,000	---
Alabama	170,195	106,685	---
Alaska	106,159	100,587	---
Arizona	136,125	103,440	---
Arkansas	139,199	103,733	---
California	506,664	138,730	---
Colorado	144,986	104,284	---
Connecticut	161,799	105,886	---
Delaware	111,171	101,064	---
Florida	238,375	113,179	---
Georgia	193,540	108,909	---
Hawaii	115,692	101,494	---
Idaho	114,532	101,384	---
Illinois	326,513	121,573	---
Indiana	205,852	110,081	---
Iowa	157,577	105,484	---
Kansas	145,838	104,366	---
Kentucky	165,613	106,249	---
Louisiana	174,252	107,072	---
Maine	120,252	101,929	---
Maryland	179,942	107,614	---
Massachusetts	215,951	111,043	---
Michigan	280,883	117,227	---
Minnesota	177,551	107,386	---
Mississippi	145,183	104,303	---
Missouri	195,330	109,079	---
Montana	114,153	101,348	---
Nebraska	130,241	102,880	---
Nevada	109,961	100,949	---
New Hampshire	115,035	101,432	---
New Jersey	246,094	113,914	---
New Mexico	120,707	101,972	---
New York	470,744	135,309	---
North Carolina	203,577	109,864	---
North Dakota	112,591	101,199	---
Ohio	317,098	120,676	---
Oklahoma	152,160	104,968	---
Oregon	142,624	104,059	---
Pennsylvania	340,371	122,892	---
Rhode Island	119,356	101,843	---
South Carolina	152,797	105,028	---

State or Outlying Area	1972 Actual	1973 Estimate[1]	1974 Estimate
South Dakota	113,579	101,293	---
Tennessee	179,978	107,617	---
Texas	328,200	121,733	---
Utah	121,589	102,056	---
Vermont	109,064	100,863	---
Virginia	194,741	109,023	---
Washington	169,482	106,617	---
West Virginia	135,549	103,386	---
Wisconsin	190,042	108,575	---
Wyoming	106,775	100,645	---
District of Columbia	115,418	101,468	---
Guam	26,772	25,169	---
Puerto Rico	80,274	30,264	---
Virgin Islands	26,288	25,123	---
American Samoa	---	25,054	---
Adjustment	- 989	---	---

1/ Estimated distribution of $5,700,000 with $100,000 reserved for the National Advisory Council and the remainder distributed with a basic amount of $100,000 to the 50 States and D.C., and $25,000 to American Samoa, Guam, Puerto Rico, and the Virgin Islands, and the balance distributed on the basis of the total resident population, 4/1/70.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Higher Education

Land-Grant Colleges and Universities

State or Outlying Area	1972 Actual 1/	1973 Estimate 2/	1974 Estimate 2/
TOTAL	$ 12,600,000	$2,700,000	$2,700,000
Alabama	236,801	50,000	50,000
Alaska	203,229	50,000	50,000
Arizona	218,939	50,000	50,000
Arkansas	220,550	50,000	50,000
California	413,199	50,000	50,000
Colorado	223,584	50,000	50,000
Connecticut	232,399	50,000	50,000
Delaware	205,856	50,000	50,000
Florida	272,545	50,000	50,000
Georgia	249,039	50,000	50,000
Hawaii	208,226	50,000	50,000
Idaho	207,618	50,000	50,000
Illinois	318,752	50,000	50,000
Indiana	255,494	50,000	50,000
Iowa	230,185	50,000	50,000
Kansas	224,031	50,000	50,000
Kentucky	234,398	50,000	50,000
Louisiana	238,927	50,000	50,000
Maine	210,617	50,000	50,000
Maryland	241,911	50,000	50,000
Massachusetts	260,789	50,000	50,000
Michigan	294,830	50,000	50,000
Minnesota	240,657	50,000	50,000
Mississippi	223,688	50,000	50,000
Missouri	249,978	50,000	50,000
Montana	207,420	50,000	50,000
Nebraska	215,854	50,000	50,000
Nevada	205,222	50,000	50,000
New Hampshire	207,882	50,000	50,000
New Jersey	276,592	50,000	50,000
New Mexico	210,856	50,000	50,000
New York	394,368	50,000	50,000
North Carolina	254,302	50,000	50,000
North Dakota	206,601	50,000	50,000
Ohio	313,816	50,000	50,000
Oklahoma	227,346	50,000	50,000
Oregon	222,346	50,000	50,000
Pennsylvania	326,018	50,000	50,000
Rhode Island	210,148	50,000	50,000
South Carolina	227,680	50,000	50,000

State or Outlying Area	1972 1/ Actual	1973 2/ Estimate	1974 2/ Estimate
South Dakota	207,119	50,000	50,000
Tennessee	241,930	50,000	50,000
Texas	319,637	50,000	50,000
Utah	211,318	50,000	50,000
Vermont	204,752	50,000	50,000
Virginia	249,669	50,000	50,000
Washington	236,427	50,000	50,000
West Virginia	218,637	50,000	50,000
Wisconsin	247,205	50,000	50,000
Wyoming	203,552	50,000	50,000
District of Columbia	208,083	50,000	50,000
Guam	---	50,000	50,000
Puerto Rico	228,978	50,000	50,000
Virgin Islands	---	50,000	50,000

1/ Includes permanent appropriation, $2,600,000 under Second Morrill Act.

2/ Permanent appropriation only, providing $50,000 each per State, the District of Columbia, Guam, Puerto Rico and the Virgin Islands.

THURSDAY, MARCH 15, 1973.

STUDENT LOAN INSURANCE FUND

WITNESSES

PETER P. MUIRHEAD, ACTING DEPUTY COMMISSIONER FOR HIGHER EDUCATION
DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION/DESIGNATE
S. W. HERRELL, ACTING ASSOCIATE COMMISSIONER, BUREAU OF HIGHER EDUCATION
WILLIAM SIMMONS, DIRECTOR, DIVISION OF INSURED LOANS, BUREAU OF HIGHER EDUCATION
WILLIAM J. BAREFOOT, JR., EXECUTIVE OFFICER, OFFICE OF DEPUTY COMMISSIONER FOR HIGHER EDUCATION
JOE G. KEEN, BUDGET OFFICER
OSCAR P. SHIELDS, BUDGET ANALYST
CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

Object Classification (in thousands of dollars)

	Identification code 09-40-4308-0-3-602	1972 actual	1973 est.	1974 est.
25.0	Other services	1	3	3
33.0	Investments and loans	30, 872	38, 618	67, 940
42.0	Insurance claims and indemnities	455	640	958
	Total costs, funded	31, 328	39, 261	68, 901
94.0	Change in selected resources	−620	−1, 989	3, 000
99.0	Total obligations	30, 708	37, 272	71, 901

Program and Financing (in thousands of dollars)

	Identification code 09-40-4308-0-3-602	1972 actual	1973 est.	1974 est.
	Program by activities:			
	Operating costs, funded:			
	1. Federal insurance program:			
	(a) Death and disability claims	132	106	120
	(b) Bankruptcy claims	29	284	568
	(c) Loan collection expenses	1	3	3
	2. Federal reinsurance program: Death and disability claims	294	250	270
	Total operating costs	456	643	961
	Capital outlays, funded:			
	1. Federal insurance program:			
	(a) Acquisition of defaulted loans	18, 325	25, 594	46, 796
	(b) Adjustment for bankruptcy	−29	−284	−568
	2. Federal reinsurance program: Acquisition of defaulted loans	12, 576	13, 308	21, 712
	Total capital outlays	30, 872	38, 618	67, 940
	Total program costs, funded	31, 328	39, 261	68, 901
	Change in selected resources [1]	−1, 217	−1, 989	3, 000
	Adjustment in selected resources	597		
10	Total obligations	30, 708	37, 272	71, 901
	Financing:			
14	Receipts and reimbursements from: Non-Federal sources (20 U.S.C. 1061):			
	Loans repaid—insured loans program	−587	−2, 500	−5, 700
	Loans repaid—reinsured loans program	−831	−1, 800	−3, 600
	Interest income—insured loans program	−427	−787	−1, 145
	Interest income—reinsured loans program	−370	−575	−703
	Insurance premiums—insured loans program	−1, 112	−2, 405	−2, 870
17	Recovery of prior year obligations	−597		
21	Unobligated balance available, start of year	−14, 177	−158	
24	Unobligated balance available, end of year	158		
40	**Budget authority (appropriation)**	12, 765	29, 047	57, 883
	Relation of obligations to outlays:			
71	Obligations incurred, net	26, 784	29, 205	57, 883
72	Obligated balance, start of year	5, 798	5, 993	4, 824
74	Obligated balance, end of year	−5, 993	−4, 824	−7, 507
90	Outlays	26, 589	30, 374	55, 200

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[1] Balances of selected resources are identified on the statement of financial condition.

Revenue and Expense (in thousands of dollars)

	1972 actual	1973 est.	1974 est.
Operating income or loss (−):			
Federal insurance program:			
Revenue	2,136	3,192	4,015
Expense (funded)	−162	−393	−691
Expense (unfunded)	−9,793	−18,049	−23,391
Net operating loss, Federal insurance program	−7,819	−15,250	−20,067
Adjustment of prior year revenue	−597	....	....
Net loss adjusted, Federal insurance program	−8,416	−15,250	−20,067
Federal reinsurance program:			
Revenue	370	575	703
Expense (funded)	−294	−250	−270
Expense (unfunded)	−6,065	−9,409	−10,511
Net operating loss, Federal reinsurance program	−5,989	−9,084	−10,078
Net loss for the year	−14,405	−24,334	−30,145

Financial Condition (in thousands of dollars)

	1971 actual	1972 actual	1973 est.	1974 est.
Assets:				
Drawing account with Treasury	19,975	6,151	6,624	7,507
Accounts receivable, net	1,199	2,646	4,001	6,451
Selected assets:				
Deferred charges: [1]				
Unpaid defaulted claims acquired (gross):				
Insured loans	1,332	1,429	1,000	2,000
Reinsured loans	1,277	560	800	1,000
Portion of unpaid defaulted claims allowed for future loss	−1,435	−1,094	−990	−1,650
Loans receivable, net:				
Insured loans	3,637	11,607	26,567	45,254
Reinsured loans	3,812	9,097	16,686	25,197
Total assets	29,797	30,396	54,688	85,759
Liabilities:				
Accounts payable and accrued liabilities	2,679	2,009	1,840	3,060
Deferred credits: Unearned insurance premiums	3,721	6,630	8,785	10,898
Total liabilities	6,400	8,639	10,625	13,958
Government equity:				
Obligations: Undelivered orders [1]	597	....	....	....
Unobligated balance	14,177	158	....	....
Total fund balance	14,774	158	....	....
Invested capital and earnings	8,623	21,599	44,063	71,801
Total Government equity	23,397	21,757	44,063	71,801

[1] The "Change in selected resources" entry on the program and financing schedule relates to these items.

Note.—This statement excludes unfunded contingent liabilities under loan guarantees and insurance programs as follows: 1971, $2,176,007 thousand; 1972, $3,223,603 thousand; 1973, $4,245,405 thousand; and 1974, $5,221,149 thousand.

Analysis of Changes in Government Equity (in thousands of dollars)

	1972 actual	1973 est.	1974 est.
Non-interest-bearing capital:			
Start of year	26,448	21,757	44,063
Appropriation	12,765	46,640	57,883
Appropriation applied to deficit	−17,456	−24,334	−30,145
End of year	21,757	44,063	71,801
Retained earnings:			
Start of year	−3,051	....	....
Net loss for the year	−14,405	−24,334	−30,145
Appropriation for loss	17,456	24,334	30,145
End of year	....	....	....
Total Government equity (end of year)	21,757	44,063	71,801

Mr. FLOOD. Now we will go to the Student Loan Insurance Fund. That presentation will be made by Peter P. Muirhead, Acting Deputy Commissioner for Higher Education.

Mr. MUIRHEAD. We have a very short statement.

Mr. FLOOD. Yes.

What do you want to do about that?

Mr. MUIRHEAD. May I read that for the record and then stand to your questions?

Mr. FLOOD. Yes.

GENERAL STATEMENT

Mr. MUIRHEAD. Mr. Chairman and members of the committee I am pleased at this opportunity to appear before you to request an appropriation of $57.9 million for the Student Loan Insurance Fund, an increase of $11.2 million over our fiscal year 1973 request.

The fund was established by the Higher Education Act of 1965 to enable the Commissioner of Education to make payments on defaults by student borrowers under the federally insured student loan program. The liability of the fund was substantially increased by the Higher Education Amendments of 1968 which authorized the Commissioner to reinsure loans guaranteed by State and nonprofit private agencies at 80 percent of the default. The liability was further increased by the Higher Education Amendments of 1972 which provided that all federally insured loans made under the new legislation must be insured for the interest due as well as the unpaid principal balance.

We are making a strenuous effort to reduce defaults and increase collections from borrowers who have defaulted. The 52 new positions provided by the 1972 appropriation for claims and collections have been filled and additional positions have been requested in both the 1973 and 1974 Salaries and Expenses appropriation. We are expecting that one of the immediate results of our increased effort will be an increase in collections on defaulted loans. We are estimating that collections in 1974 will equal $9.3 million, an increase of $5 million above the estimated 1973 amount of $4.3 million. We are also putting strong emphasis on providing preclaim assistance to lenders and State and private nonprofit guarantee agencies in an attempt to reduce the number of defaults and improve the collection efforts of lenders on delinquent loans before they go into default. We are determined to maintain the integrity of the insured loan program, both to protect the interest of the Federal Government and the interest of the overwhelming majority of student borrowers who take their obligations seriously and conscientiously repay their loans.

I shall be pleased to answer any questions the committee may wish to ask.

Mr. FLOOD. We certainly hope so. I am not speaking now with reference to your pleasure to answer the questions, but to the premise that you have been talking about for the last few minutes.

RELIABILITY OF THE ESTIMATES OF LOAN DEFAULTS

Now this appropriation is needed to make payments on defaults by student borrowers under this insured student loan program.

During 1972, you ran out of funds and Congress enacted a supplemental. For fiscal 1973, the same situation occurred. You recently submitted a supplemental for this year's requirements.

Now, is your 1974 estimate more reliable than the previous 2 years or will we see, again, later in the year, another supplemental on student defaults.

Mr. **MUIRHEAD**. We think that our estimate for 1974 is indeed more reliable. I would say that we think it is more reliable because we have had more experience with the program.

Mr. **FLOOD**. Sure.

Mr. **MUIRHEAD**. And that we have—we would like to give you all the assurance that we can that it is reliable enough so that we will not be back to you for an increase.

We have learned a good deal about the program. The program is relatively young, Mr. Chairman, and has grown very dramatically. And as we have moved along, we have, quite honestly, not estimated as well as we should have. But we do believe that our 1974 request is——

Mr. **FLOOD**. No issue with that. But this is so glaring. Do we have cadres of these students meeting in the back of cafeterias with advisers as to "This is what you do," "This is what you do not do"?

We are getting bad stories all over the place, especially in the last year.

Mr. **MUIRHEAD**. I quite agree with you that the stories are indeed bad and we deplore them. However, when we sit down together as we must to look at the program, I think that we have to put it into the perspective that it belongs, rather than the sensationalism that a newspaper may find to be a good story. I think it is appropriate for me to point out that our tables show that the total amount of Federal expenditures on claims paid through January of this year amounted to a little over $80 million.

Of that total of claims paid, $3.6 million was for bankruptcy, which represents about 4.5 percent.

I am not in any way supporting the concept that those students should go that route, but I think it is well to indicate that of all the claims paid, only 4.5 percent were for bankruptcy purposes.

PRECLAIM ASSISTANCE TO LENDERS

Mr. **FLOOD**. You are putting strong emphasis, you say, on providing preclaim assistance to lenders, State and private loan guarantee agencies, in an attempt to reduce the defaults.

Mr. **MUIRHEAD**. Yes.

Mr. **FLOOD**. To what extent? How? We have not heard anything about your special efforts.

Mr. **MUIRHEAD**. We will be pleased to tell you now about our special efforts because you did so much to make it possible in our previous presentations.

Mr. Simmons, who is the director of the program, is here and I am sure he would be more than willing to tell us about those efforts.

Mr. **SIMMONS**. Sure. Under preclaim assistance, Mr. Chairman, we ask the lender to inform us when the loan is 60 to 90 days delinquent. We have a form and procedure where they notify us of this fact. We immediately send what we call a mailgram, that is, a telegram sent by mail. We find they are delivered that way better than by Western Union. We have sent out some 47,000 of these.

We ask the lender to let us know the result. We find that 37.9 percent have been successful—either they come in and bring their account up to date or make the payments necessary. We think it has been a tremendous help to the program. This has only been used in the past year.

CHANGES MADE IN THE LEGISLATION

Mr. Flood. Now the education amendments of 1972 changed the Federal liability on the insured loans so that the loans are insured for 100 percent of the unpaid principal plus interest.

What is the additional cost to the Federal Government as a result of this change?

Mr. Simmons. On the payment of interest as well as the principal?

Mr. Flood. That is right.

Mr. Simmons. Of course these will not become—this only applies to loans made on and after March 1. We can give you projections of costs on that.

Mr. Flood. All right.

Mr. Simmons. Be glad to supply them for the record. I do not have them with me. They are very, very small.

[The information follows:]

This legislative amendment affects only those claims paid under the Federal insured student loan program. It does not extend to reinsurance claims paid to the guarantee agencies. Further, since December 15, 1968, we have been paying interest and principal on all insurance claims for death, or permanent and total disability on loans disbursed subsequent to that date.

The increased cost to the Federal Government will be 2.3 percent on claims paid under default and bankruptcy. If we had been paying this interest in fiscal year 1972, our total net outlay would have been $14.9 million instead of $14.5 million or an increase of just under $400,000. In our projections of net cash outlay for claims to be paid in fiscal year 1974 of $37.9 million our cash outlay will increase by approximately $0.9 million.

RESULTS OF COLLECTION EFFORTS

Mr. Flood. In your statement you indicate that collections on the defaulted loans will be more than double the previous year.

Mr. Simmons. Yes, sir.

Mr. Flood. What has been your experience in the past fiscal year?

Mr. Simmons. This past fiscal year we had, as we say, a projection——

Mr. Flood. Make it plural, fiscal years.

Mr. Simmons. We really began our collection effort just a year ago when we were supplied with the 52 additional positions. Since that time we have established a fiscal year 1973 goal of $4.3 million in collections. We have been on target each quarter, and I think we will meet the objective by June 30. It has been accelerating every month in dollars.

More important are the payments being made, the activity on the accounts; they are increasing each month.

Mr. Flood. What steps have you taken to improve the collection?

Mr. Simmons. We have allocated claims to our people, we have people skip tracing, writing letters, making phone calls, knocking on doors, making arrangements with students at the local level, at their home if necessary, to make arrangements to repay.

As I mentioned, it is paying off. The money is coming in. We expect to more than double next year. I think that can continue.

Mr. FLOOD. We certainly want to make it clear that you are going to follow through this collection effort yourself. The important thing is to let these people know that we are not fooling with this thing and neither are you. This is not a fake, this is not a phony. Just because they are students, these loans are being made, it is not one great big "ha-ha-ha-ha-ha."

Mr. SIMMONS. I could not agree with you more, Mr. Chairman.

Mr. FLOOD. I know. That is good.

ESTIMATE OF FUTURE REQUIREMENTS

Again for the record, would you let us have, it will have to be a projection, the amounts you expect to be required for this appropriation and for each of the next 5 fiscal years?

Mr. SIMMONS. For defaults; yes, sir.

[The information follows:]

Projection of appropriation requirements for defaults[1]

Fiscal year:	*Amount*
1974	$57,883,000
1975	64,000,000
1976	70,000,000
1977	75,000,000
1978	79,000,000
1979	84,000,000

Mr. FLOOD. That is going pretty far out.

Mr. Shriver?

Mr. SHRIVER. Thank you, Mr. Chairman.

INSTITUTIONS ABROAD PARTICIPATING IN PROGRAM

On page 111 of the justifications, it states that some of the 8,200 educational institutions participating in this program are abroad. What schools are those that are abroad?

Mr. SIMMONS. We have some 600 schools located outside of the United States. We have many in Canada, we have many in Mexico, we have them in Spain, we have them in England, we have them in France. These are medical schools, all sorts of institutions—outside the United States, about 600 of the 8,200 institutions involved in the program. They are all higher education institutions overseas.

Mr. SHRIVER. I suppose that would be quite a list to put in the record.

Mr. SIMMONS. No. We can supply it for you if you like.

Mr. FLOOD. If it will not be too long. I would like to see that because it will focus the attention upon the fantastic number of students we have overseas, especially in the medical schools.

[The information follows:]

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[1] Tentative estimates—subject to revision upon completion of estimating model.

The following is a list of schools located outside the United States eligible to participate in the guaranteed student loan program (there are 822 eligible schools):

Argentina (4):
- National University of Cordoba, Cordoba.
- National University of La Plata, La Plata.
- National University of Tucuman, San Miguel de Tucuman.
- University of Buenos Aires, Buenos Aires.

Australia (18):
- University of Adelaide, Adelaide.
- University of Adelaide at Bedford Park.
- Australian National University, Canberra, Australian Capital Territory.
- Flinders University of South Australia, Bedford Park.
- La Trobe University, Victoria.
- Macquarie University, New South Wales, North Ryde.
- University of Melbourne, Victoria.
- Monash University, Victoria.
- University of Newcastle, New South Wales.
- University of New South Wales, Sydney.
- University of Queensland, Queensland, Adelaide.
- University of Sydney, New South Wales.
- University of Tasmania, Tasmania.
- University of Western Australia, Nedlands.
- Bedford Park Technical College, Bedford Park, South Australia.
- Australian National University, Canberra.
- New South Wales Institute of Technology, Broadway.

Austria (10):
- Academy of Music & Dramatic Arts, Vienna.
- Antomisches Institut-Universitat Wien, Wahringer.
- University of Graz, Graz.
- University of Innsbruck, Innsbruck.
- University of Salzburg, Salzburg.
- University of Vienna, Wien.
- University of Technology, Vienna-Wien.
- Academy for Music and Dramatic Art "Mozarteum", Salzburg.
- College for Social and Economic Sciences, Linz.

Belgium (15):
- Free University of Brussels, Bruxelles.
- State University of Ghent, Gent.
- University of Libre de Bruxelles Faculty of Medicine & Pharmacie, Bruxelles.
- Katholicke University te Leuven, Louvain.
- University of Liege, Liege.

Belgium (15)—Continued
- Catholic University of Louvain, Louvain.
- Polytechnical Faculty of Mons, Mons.
- College of Europe, Bruges.
- Rijksuniversitair Centrum Antwerpen, Antwerp.
- University of Antwerp (Medical School), Antwerp.
- Royal Fine Arts Academy.
- Higher National School of Architecture and Visual Arts, Brussels.
- State Faculty of Veterinary Medicine, Brussels.
- Teachers College, Torhout.
- Vrije Universitut, Brussels.

Bolivia (1): University of San Andres, La Paz.

Brazil (3):
- Federal University of Espirito Santo, Vitoria.
- Instituto de Biocencias, Curso de Historia Natural Arquivo Federal University of Pernambuco, Recife.
- Pontifical Catholic University of Rio Grande do Sul, Porto Alegre.

Canada (93):
- Acadia University, Wolfville, Nova Scotia.
- University of Alberta, Edmonton, Alberta.
- Assumption University, Windsor, Ontario.
- Bishop's University, Lennoxville, Quebec.
- University of British Columbia, Vancouver 8, British Columbia
- Brandon University, Brandon.
- Brock University, St. Catherines, Ontario.
- Canadian Bible College, Regina, Saskatchewan.
- Carleton University, Ottawa 1, Ontario.
- College of Saint Anne, Church Point, Nova Scotia.
- College Sainte-Croux, Montreal, Quebec.
- College D'Enseignement General et Professional, Quebec.
- Dalhousie University, Halifax, Nova Scotia.
- Ecole Normale Jacques Cartier Ministere de L'Education Gouvernment du Quebec, Montreal.
- University of Guelph, Guelph, Ontario.
- University of King's College, Halifax, Nova Scotia.
- Lakehead University, Port Arthur, Ontario.
- Lourentian University of Sudbury, Sudbury, Ontario.
- Loyola College, Montreal, Quebec.

Canada (93)—Continued

- Universite Laval, Quebec 2, P.Q.
- McGill University, Montreal 2, P.Q.
- McMaster University, Hamilton, Ontario.
- University of Manitoba, Winnipeg 19, Manitoba.
- Memorial University of Newfoundland, St. John's.
- University of Moncton, Moncton, New Brunswick.
- University of Montreal, Montreal 3, P.Q.
- Mount Allison University, Sackville, New Brunswick.
- Mount St. Bernard College, Antigonish, Nova Scotia.
- Mount St. Vincent College, Halifax, Nova Scotia.
- University of New Brunswick, Fredericton, New Brunswick.
- National Theatre School of Canada, Quebec.
- Normal School at Merici, Quebec.
- Notre Dame University of Nelson, Nelson, British Columbia.
- Nova Scotia Agricultural College, Truro, Nova Scotia.
- Nova Scotia Teachers College.
- Nova Scotia Technical College, Halifax, Nova Scotia.
- Nova Scotia College of Arts & Design, Halifax, Nova Scotia.
- Osgoode Hall Law-School, Toronto 1, Ontario.
- University of Ottawa, Ontario.
- Pontifical Institute of Mediaeval Studies, Toronto.
- Ontario Institute for Studies in Education, Toronto.
- University of Prince Edward Island, Charlottetown.
- Prince of Wales College, Charlottetown, Prince Edward Island.
- Queen's University at Kingston, Ontario.
- Regent College, Vancouver, British Columbia.
- Resurrection College, Kichner, Ontario.
- Royal Military College of Canada, Kingston, Ontario.
- St. Dunstan's University, Charlottetown, Prince Edward Island.
- St. Francis Xavier University, Antigonish, Nova Scotia.
- St. Lawrence College, Quebec.
- St. Mary's University, Halifax, Nova Scotia.
- St. Louis College, Edmunston, N.B.
- University of Lethbridge, Lethbridge.
- University of Saskatchewan, Saskatoon.
- University of Sherbrooke, Sherbrooke, P.Q.
- Simon Fraser University, Burnaby 2, British Columbia.

Canada (93)—Continued

- Sir George Williams University, Montreal 25, P.Q.
- University of Toronto, Toronto 5, Ontario.
- Knox College-affiliated with the University of Toronto.
- University of St. Michael's College, Toronto 5, Ontario.
- University of Trinity College, Toronto 5, Ontario.
- Victoria University, Toronto 5, Ontario.
- Trent University, Petersborough, Ontario.
- Trinity Junior College, Langley.
- Trinity Western College, British Columbia.
- University of Victoria, British Columbia.
- University of Waterloo, Ontario.
- St. Jeromes College-affiliated with the University of Waterloo.
- Waterloo Lutheran University, Ontario.
- Wycliffe College, Toronto.
- University of Western Ontario, London, Ontario.
- University of Windsor, Ontario.
- Your University, Toronto 12, Ontario.
- Mount Carmel College, Niagara Falls, Ontario.
- Marianopolis College, Montreal.
- Ryerson Polytechnical Institute, Toronto, Ontario.
- St. Thomas College, Frederiction, New Brunswick.
- University of Calgary, Alberta.
- University of Winnipeg, Manitoba.
- College de St-Laurent (CEGEP), Montreal, Quebec.
- Georgian College of Applied Arts and Technology, Barrie, Ontario.
- Laval University, Quebec.
- Lutheran Theological Seminary, Saskatoon, Saskatchewan.
- Marianopolis College, Montreal, Quebec.
- Mount Carmel College, Niagara Falls, Ontario.
- Robertson Secretarial School, Ltd., Saskatchewan.
- St. Thomas University, Fredericton, New Brunswick.
- St. Paul University, Ottawa.
- Sheridan College of Applied Arts and Technology, Brampton, Ontario.
- Sheridan College of Applied Arts and Technology, Port Credit, Ontario.
- Sheridan College of Applied Arts and Technology, Oakville, Ontario.
- Toronto Teachers College, Toronto.
- University of Quebec, Montreal, Quebec.

Ceylon (4):

- Jaffna College, Jaffna.

- Ceylon (4)—Continued
  - University of Ceylon, Peradeniya.
  - Vidyalankara University of Ceylon, Kelaniya.
  - Vidyodaya University of Ceylon, Gangodawila, Nugegoda.
- Chile (4):
  - Latin American Faculty of Social Science, Santiago.
  - Graduate School of Latin American Economic Studies, Santiago.
  - Universidad Catholic De Chile.
  - Universidad de Chile, Santiago.
- China (1): Taiwan Normal University, Taipei, Taiwan.
- Columbia: (4):
  - University del Vallu, Cali, Columbia, South America.
  - University of the Andes, Bogotá.
  - University of Antioquia, Medellin.
- Costa Rica (2):
  - American Business Academy, San Jose.
  - University of Costa Rica, San Jose.
- Czechoslovakia (1): Charles University, Prague.
- Denmark (5):
  - The Royal Academy of Fine Arts, Copenhagen.
  - The Royal Danish Academy of Music, Copenhagen.
  - University of Aarhus, Arhus.
  - University of Copenhagen, Kobenhava.
  - Technical University of Denmark, Kobenhava.
- Dominican Republic (3):
  - Universidad Central Del Este, San Pedro De Marcoris.
  - Universidad de Nacional Pedro Henriquez, Urena.
  - Universidad Autonoma de Santo Domingo.
- East Africa (4):
  - Makerere University College, Kampala, Uganda.
  - University of East Africa, Kampala, Uganda.
  - University College, Dar es Salaam, Tanzania.
  - University College, Nairobi, Kenya.
- Equador (2):
  - Central University of Ecuador, Quito.
  - Pontifical Catholic University of Ecuador, Quito.
- Ethiopia (1): Haile Selassie 1 University, Addis Ababa.
- Finland (8):
  - Abo Academy, Abo.
  - Fine Arts Academy of Finland, Helsinki.
  - Institute of Technology, Helsinki.
  - Sibelius Academy of Music, Helsinki.
  - University of Helsinki, Helsinki.
  - University of Oulu, Oulu.
  - University of Tampere, Tampere.
  - University of Turku, Turku.
- France (58):
  - Institute for American Universities, Aix-en-Provence.
  - Institut d'Etudes Francaises pour, Aix-en-Provence.
  - University of Aix-Marselles, Aix-en-Provence.
  - Etablissements d'Enseigment superieur d'Amiens, Amiens.
  - Catholic Faculties of the West, Angers.
  - Conservatoire Regional de Nice.
  - University of Besancon, Besancon.
  - University of Bordeaux, Bordeaux.
  - University of Caen, Caen.
  - University of Clermont-Ferrand, Clermont-Ferrand.
  - University of Dijon, Dijon.
  - European Institute of Business Affairs.
  - Ecole Jacuew Lecog, Paris, France.
  - Comite de Patranaze des Etudiants Etrangers, Grenoble.
  - University of Grenoble, Grenoble.
  - Le Cordon Bleu, Paris, France.
  - University of Lille, Lille.
  - Catholic Faculties of Lille, Lille.
  - University De Haute, Bretagne.
  - University of Lyons, Lyon.
  - Catholic Faculties of Lyon, Lyon.
  - Faculte Myte de Medicine et de Pharmacir, Marseille.
  - University of Montpellier, Montpellier.
  - University of Nancy, Nancy.
  - University of Nantes, Nantes.
  - University of Nice, Nice.
  - University of Paris, Paris.
  - University of Paris Institute des Langues Orientales Vivantes, Paris.
  - American College, Paris.
  - Catholic Institute of Paris, Paris.
  - Ecole Nationale Superieure Des Beaux-Arts, Paris.
  - Ecole Nationale Superieure Des Arts Decoratif, Paris.
  - Faculte de Medicine de Paris, Paris.
  - La Sorbonne (Faculties of Humanities and Sciences of the University of Paris).
  - I.E.S.S.E.C. Rue d'Assass, Paris.
  - Institute of European Studies, Paris.
  - Paul Valery University.
  - Institute de Phonetique, Paris.
  - Institute des Professeurs de Francais a L'Etrangers, Paris.
  - University of Poitiers, Poitiers.
  - Centre Universitaire D'Ete de Pau-University of Bordeaux and University of Toulouse, Pau.
  - Etablissements d'Enseignment superieur de Reims, Reims.
  - University of Rennes, Reenes.
  - Establishments d'Enseignement superieur de rouen.
  - University of Strasbourg, Strasbourg.

France (58)—Continued
- University of Louis Pasteur School of Medicine, Strasbourg.
- University of Toulouse, Toulouse.
- University of Tours.
- Faculte des Lettres et Sciences Humaines of University d'Orleans, Paris.
- La Faculte Mixte de Medicine et Pahrmacie, Tours.
- Catholic Institute of Toulouse, Toulouse.
- University of Orleans-Tours, Orleans.
- Institute of Higher Studies in Cinematography, Paris.
- Institut d'Etudes Francaises de Touraine, Tours.
- L'Institut D'Etudes Politiques De Paris, Paris.
- Normal School of Music, Paris.
- La Conservatoire De Musique Et D'Art Dramatique, Reims.
- Superior School of Economic and Commercial Studies, Paris.

Ghana (2):
- Kumasi University of Science and Technology, Kumasi.
- University of Ghana, Legon.

Greece (6):
- University of Athens, Athinai.
- Aristotelian University of Salonika, Tessaloniki.
- The Knubly School of Greek Civilization in Athens.
- University of Maryland, Athens.
- National Technical University of Athens.
- American School of Classical Studies, Athens.

Guatemala (2):
- Universidad de San Carlos, Guatemala City.
- Universidad Rafael Landivar, Guatemala City.

Guyana (1): University of Guyana, Georgetown.

Germany (52):
- Free University of Berlin, Berlin-Dahlem.
- University of Bochum, Bochum.
- Rhenish Friedrich Wilhelm University of Bonn, Bonn.
- Friedrich Alexander University of Erlangen-Nuremberg, Erlangen.
- Johann Wolfgang Goethe University of Frankfurt, Frankfurt.
- Albert Ludwig University of Freiburg, Freiburg.
- Justus Leibig University of Giessen, Giessen.
- Georg August University of Gottingen, Gottingen.
- University of Hamburg, Hamburg 13.
- Rupert Charles University of Heidelburg, Heidelberg.
- Christian Albracht University of Kiel, Kiel.

Germany (52)—Continued
- Schiller College, Kleiningersheim.
- University of Cologne, Kol-Lindenthal.
- Johannes Gutenberg University of Mainz, Mainz.
- Philipps University of Marburg, Marburg/Lahn.
- Fachhochichyle des Landes Rheinland Pfalz, Karserslautern, West Germany.
- University of Maryland, Munich.
- Ludwig Maximillan University of Munich, Munchen 22.
- Max Planeck Institute, Munich.
- Max Planeck Institute fur Diochemie, Munich.
- University of Munster, Munster.
- University of the Saar, 66 Saarbrucken 15.
- Eberhard Karl University of Tubingen, Tubingen.
- University of Wurzbrug, Wurzburg.
- Neue Universitat, Wurzburg.
- Rhenish-Westphalian Technical University, Aachen.
- Technical University of Berlin, Berlin-Charlottenburg 12.
- Carolo Wilhelmina Technical University of Brunswick, Braunschwig.
- Clausthal Mining Academy-Technical University, Clausthal-Zellerfeld.
- Technical University of Darmstadt, Darmstadt.
- Technical University of Hanover, Hanover.
- Fridericiana Technical University of Karsruhe, Karlsruhe.
- Technical University of Munich, Munchen 2.
- Technical University of Stuttgart, Stuttgart.
- Saarbruecken Universitaet Homburg -Medizinische Klinik, Saarbruecken, West Germany.
- University of Dusseldorf, Dusselforf.
- Freiburg Conservatory of Music, Freiburg.
- German College of Music, Berlin.
- State College for Fine Arts, Berlin.
- State College for Music, Cologne.
- State College for Music, Detmold.
- Northwest German Music Academy.
- State College for Music, Munich.
- State College for Music and Dramatic Arts, Berlin.
- State College for Music, Frankford.
- Technical College, Munich.
- Theological College, Bethel.
- University of Heidelberg, Heidelberg.
- Karlsruhe University, Karlsruhe, West Germany.
- University of Mannheim, Mannheim.
- Wirtschaftshochschule, Mannheim.
- State Trade School for Violin Making, Mittenwald.

- Honk Kong (5):
  - Chinese University of Hong Kong, Mongkok, Kowloon.
  - Chung Chi College, Ma Liu Shui, New Territories.
  - New Asia College, Kowloon.
  - United College, Victoria.
  - University of Hong Kong, Hong Kong.
- Hungary (2):
  - Medican University of Budapest, Budapest.
  - Sommelweis University of Medicine, Budapest.
- Iceland (1): University of Iceland, Reykjavik.
- India (61):
  - Agra University, Agra, Uttar Pradesh.
  - Ahmedabad University, Ahmedabad.
  - Aligarh Muslim University, Aligarh.
  - University of Allshabad, Allahabad 2, Uttar Pradesh.
  - Andhra University, Waltair.
  - Annamalai University, Madras State, South India.
  - Barnaras Hindu University, Varanasi 5.
  - Maharaja Sayajirao University of Baroda.
  - University of Bihar, Muzaffarpur.
  - University of Bombay, Maharashtra State.
  - University of Burdwan, West Bengal.
  - University of Calcutta.
  - University of Delhi.
  - Hindu College.
  - University of Gauhati, Assam.
  - Gorakhpur University, Uttar Pradesh.
  - Gujarat University, Ahmedabad 9, Gujarat State.
  - Indian Institute of Technology, Bombay.
  - Indian Institute of Technology, Delhi.
  - Indian Institute of Technology, Kanpur.
  - Indian Institute of Technology, Kharagpur.
  - Indian Institute of Technology, Madras.
  - University of Jabalpur, Madhya Pradesh.
  - Jadavpur University, Calcutta 32.
  - University of Jammu and Kashmir, Sringagar 3, Kashmir.
  - University of Jodhpur, Kajasthan.
  - Karnatak University, Dharwar, Mysore State.
  - University of Kerala, Trivandrum, Kerala State.
  - Kurukshetra University, Panjab.
  - University of Lucknow, Uttar Pradesh.
  - University of Madras.
  - Marthwada University, Aurangabad (Deccan). Maharashtra State.

- India (61)—Continued
  - University of Mysore, Mysore State, South India.
  - Nagpur University, Maharashtra State.
  - Osmania University, Hyderabad, Andhra Pradesh, South India.
  - Panjab University, Chandigarh.
  - University of Patna, Bihar State.
  - University of Poona, Maharashtra State.
  - Punjab Agricultural University, Ludhiana.
  - Panjabi University, Patiala.
  - University of Rajasthan, Jaipur, Rajasthan.
  - University of Roorkee, Uttar Pradesh.
  - Sardar Vallabhbhai Vidyapeeth, District Kaira, Gujarat State.
  - University of Saugar, Sagar, Madhya Pradesh.
  - Shivaji University, Kolhaper, Maharashtra State.
  - Shreemati Nathibai Damodar Thackersey Women's University, Bombay 1, Maharashtra State.
  - Sri Venkateswara University, Tirupati, Andhra Pradesh, South India.
  - University of Udaipur, Rajasthan.
  - Utkal University, District Puri, Orissa.
  - Uttar Pradesh Agricultural University, District Nainital.
  - Varansseya Sanskrit Viswavidyalaya, Varanasi 2.
  - Vikram University, Ujjain, Madhya Pradesh.
  - Visva-Bharati, District Birbhum, West Bengal.
  - Kasturiba Medical College, Academy of General Education, Manipal, Mysore.
  - Santiniketan or Visva-Bharati University.
  - All India Institute of Medican Sciences, New Delhi.
  - Christian Medical College, Vellore.
  - Grant Medical College, Bombay.
  - Indian Institute of Management, Ahmedabad.
  - Maulana Azad Medical College, New Delhi.
  - Seth G.S. Medical College, Bombay.
- Indonesia (1): University of Indonesia Djakarta.
- Ireland (8):
  - University of Dublin, Dublin-Trinity College.
  - National University of Ireland, Dublin.
  - Royal College of Surgeons in Ireland, Dublin.
  - University College, Cork.
  - University College, Dublin.
  - Queens University of Belfast, North Ireland.

- Ireland (8)—Continued
  - St. Patricks College, County Kildare.
  - University College, Galway-Medical College.
- Iran (1): Pahlavi University, Shiraz.
- Israel (8):
  - Bar-Ilan University, Ramat-Gan.
  - The Hebrew University-Hadassah Medical School, Jerusalem.
  - The Hebrew University of Jerusalem.
  - Haifa University.
  - Hiatt University, Jerusalem.
  - Tel-Aviv University, Tel-Aviv.
  - Technion-Israel Institute of Technology, Haifa.
  - The Feinberg Graduate School of the Weizmann Institute of Science, Rehovoth.
- Italy (49):
  - Angelecium College of St. Aquas, Rome.
  - University of Bari, Bari.
  - University of Bologna.
  - Medican School of the University of Bologna.
  - University of Cagliari.
  - University of Camerino.
  - University of Catania.
  - Center International Studi Montessoriani, Bergamo.
  - Libera University Degli Studi di Urbana, Chieta.
  - Loyola University Center for Liberal Arts, Rome.
  - University of Ferrara.
  - University of Florence, Firenz.
  - Academy Di Bella Arts, Firenze.
  - Center for Culture Strangers, Florence.
  - Villa Schifanoia Graduate School of Fine Arts-Rosary College, Florence.
  - University of Genova.
  - University of Lecce.
  - University of Macerata.
  - University of Messina
  - University of Milano.
  - Catholic University of the Sacred Heart, Milano.
  - Universita Commerciale Luigi Bocconi, Milano.
  - Universita of Modena.
  - University of Naples, Napoli.
  - University of the Italian Republic at Naples.
  - University of Padua, Padova.
  - University of Padova Medical School, Padova.
  - University of Palermo.
  - University of Parma.
  - University of Pavia, Pavia.
  - University of Perugia, Perugia.
  - University for Foreigners, Perugia.
  - University of Pisa, Pisa.
  - University of Rome, Roma.
  - Accademia Delle Belle, Arti, Rome.
  - Corso di Perfezionamento at the Academic di Santa Cecilia.
- Italy (49)—Continued
  - Pontificial Gregoria University, Rome.
  - University of Rome Medical School, Rome.
  - University of Sassari, Sassari.
  - University of Siena, Siena.
  - University of Torino, Torino.
  - University of Trieste, Trieste.
  - University of Urbino, Urbino.
  - North American College, Vatican City.
  - Ca Soscari Architectural Institute, Venice.
  - Polytechnic Institute of Milan, Milano.
  - Polytechnic Institute of Turin, Torino.
  - University of Torino, Medical School, Turin.
  - Scuola Normale Superiore De Pisa, Pisa.
- Jamaica (1): University of the West Indies, Kingston, Jamaica, West Indies.
- Japan (19):
  - International Christian University, Mitaka.
  - Osaka University, Osaka.
  - Sophia University—Jesuit International University, Tokyo.
  - Tokyo University of Education, Otsuka, Bunkyo-ku, Tokyo.
  - Waseda University, Tokyo.
  - Fu Jien University, Chinese Lang. Institute.
  - Doshisha University, Kyota.
  - Fukuoka University, Fukuoka.
  - International Christian University, Tokyo.
  - Keio University, Tokyo.
  - Kobe University, Kobe.
  - Kyoto University, Kyoto.
  - Kyoto University of Foreign Studies, Kyoto.
  - Osaka University of Foreign Studies, Osaka.
  - Sacred Heart University (or College of the Sacred Heart), Tokyo.
  - Seikatsu Gakuen Junior College, Morioka.
  - Sophia University, Tokyo.
  - Tokyo University of Education, Tokyo.
- Korea (7):
  - Chungang University, Seoul.
  - Hankuk University of Foreign Studies, Seoul.
  - Wao Sok Medical College, Seoul.
  - Catholic College, Seoul.
  - Kyung Hee University, Seoul.
  - College of Medicine, Woo-Sok University, Seoul, Korea.
  - Yonsei University, Seoul.

- Lebanon (3):
  - The American University of Beirut, Beirut.
  - Beirut College for Women, Beirut.
  - Middle East College, Beirut.
- Luxembourg (3):
  - International University of Comparative Sciences, Luxembourg.
  - Institut d'Enseignement technique, Luxembourg.
  - Institut pedagogique, Luxembourg.
- Malawi (1): University of Malawi, Limbe, Malawi.
- Malaysia (1): University of Malaya, Kuala Lumpur, Malaysia.
- Malta (1): Royal University of Malta, Valletta, Malta.
- Mexico (44):
  - University of the Americas, Pueblo.
  - Colegio de Mexico, Mexico.
  - University of Guadalajara, Guadalajara.
  - (School of medicine) autonomous U. of Guadalajara, Guadalajara.
  - Universidad Ibero-Americana, Mexico.
  - University La Salle, Mexico City.
  - Centro de Investagacion y de Estudios Superiores de Monterey, Monterey.
  - Universidad National Autonoma de Mexico, Mexico City.
  - University Michoacana.
  - Universidad Ibero-Americana, Mexico City.
  - Colegio de Mexico, Mexico
  - Centro de Centro de Investigacion y de Estudios Avanzados del Institute Politechnico Nacional, Mexico.
  - University of Guanajuato, Guanajuato.
  - University of Monterrey, medical school, Monterrey.
  - Universidad la Salle Escuela de Medicine, Benjamin Franklin.
  - University of Monterrey, Instituto de Ciencies de la Salud, Nuevo Leon.
  - Instituto Allende, Guanajauto (Master's degree programs only).
  - Autonomous University of San Luis Potosi, San Luis Potosi.
  - Autonomous University of the State of Mexico, Toluca (Estado de Mexico).
  - The College of Mexico, Mexico, D.F.
  - Autonomous University of Puebla, Puebla (Puebla).
  - Saint Nicolas of Hidalgo University of Michoacan, Morelia (Michoacan).
  - University of Chihuahua, Chihuahua.
  - Free School of Homeopathy, Mexico, D.F.
  - The Ibero-American University, Mexico, D.F.
  - Miguel Aleman School of Medicine.
  - University of Veracruz, Xalapa (Veracruz).

- Mexico (44)—Continued
  - Military Medical School, Mexico, D.F.
  - Institute of Technology and Higher Studies of Monterrey, Monterrey.
  - National Autonomous University of Mexico, Mexico, D.F.
  - National Polytechnic Institute, Mexico, D.F.
  - National School of Anthropology and History, Mexico, D.F.
  - Juarez University of the State of Durango, Durango.
  - Juarez University of Tabasco, Villahermosa (Tabaco).
  - University of Campeche, Campeche.
  - University of Coahuila, Saltillo (Coahuila).
  - University of Guanajuato, Guanajuato.
  - University of Tamaulipas, Victoria (Tamaulipas).
  - University of Veracruz, Xalapa.
  - The University of the Americas, Puebla.
  - University of Guadalajara, Guadalajara.
  - University of Nuevo Leon, Monterrey.
  - University of the Southeast, Campeche.
  - University of Yucatan, Merida.
- Netherlands (17):
  - Institute of Social Studies, The Hague.
  - International Training Centre for Aerial Survey and Earth Sciences, Delft.
  - Netherlands University Foundation for International Cooperation, The Hague.
  - University of Amsterdam, Amsterdam.
  - Akademie Industriele Vormquving.
  - University of Amsterdam, Amsterdam-C.
  - University of Amsterdam Medical School.
  - University of Amsterdam Europa Institute, The Hague.
  - Free Reformed University, Amsterdam.
  - State University, Groningen.
  - University of Leyden, Leiden.
  - Catholic University of Nijmegen.
  - Municipal University of Amsterdam, Oudemanhuispoort.
  - Utrecht University, Utrecht.
  - Technological University of Delft, Delft.
  - Technological University of Eindhoven, Eindhoven.
  - Twente Technological University, Enschede.
- New Zealand (7):
  - University of Auckland, Auckland.
  - University of Canterbury, Christchurch 1.

New Zealand (7)—Continued
- Lincoln College, Canterbury.
- Massey University of Manawatu, Palmerston North.
- University of Otago, Dunedin.
- Victoria University of Wellington, Wellington, C.I.
- University of Waikato, Hamilton.

Nigeria (6):
- Abmadu Bello University, Zaria, Northern Nigeria, West Africa.
- University of Ibadan, Ibadan, Nigeria, West Africa.
- University of Ife, Nigeria, West Africa.
- University of Lagos, Lagos, Nigeria, West Africa.
- University of Lagos Medical School Lagos, Nigeria, West Africa.
- University of Nigeria, Naukka, Nigeria, West Africa.

Norway (3):
- University of Bergen, Bergen.
- University of Oslo, Oslo.
- Technical University of Norway, Trondheim.

Pakistan (11):
- University of Dacca, Ramna, Dacca, East Pakistan.
- East Pakistan Agricultural University, Mymensigh.
- East Pakistan University of Engineering and Technology, Ramna, Bacca.
- University of Islamabad, Chaklala, Rawalpindi.
- University of Karachi, Karachi 32.
- University of the Panjab, Lahore.
- University of Peshawar.
- University of Rajshahi, Rajshahi.
- University of Sind, Hyderabad.
- West Pakistan Agricultural University Lyallpur.
- West Pakistan University of Engineering and Technology, Lahore 15.

Panama (1): University of Panama, Panama.

Papua and New Guinea (1): University of Papua and New Guinea, Kingston A.C.T., Australia.

Peru (3):
- University of San Marcos, Lima.
- National University of San Marcos, Lima.
- University of the Pacific, Lima.

Philippines (16):
- University of Santo Tomas.
- University of the East Quezon City.
- Adamson University, Manila.
- Arellano University, Manila.
- Ateneo de Manila University, Manila.
- Colegio de San Juan de Letran, Manila.
- Far Eastern University, Manila.
- Holy Angel College, Angeles.
- Maryknoll College, Manila.

Philippines (16)—Continued
- Mapua Institute of Technology, Manila.
- Philippine Normal College, Manila.
- Philippine Union College, Caloocan City.
- St. Theresa's College, Manila.
- Silliman University, Dumaguete City.

Poland (5):
- State College of Music, Warsaw.
- University of Lodz, Lodz.
- Medical College of Warsaw, Warsaw.
- Adam Mickiewicz, Poznan.
- University of Warsaw.

Portugal (4):
- University of Coimbra, Coimbra.
- University of Lisbon, Lisbon.
- University of Oporto, Porto.
- Technical University of Lisbon, Lisbon.

Sierra Leone (2):
- Fourah Bay College, the University College of Sierra Leone, Freetown, Sierra Leone, West Africa.
- Njala University College, Njala, via Mano, Sierra Leone, West Africa.

Singapore (2):
- Nanyang University, Singapore.
- University of Singapore, Singapore 10.

Senegal (1): University of Dakar, Dakar.

South Africa (4):
- Rhodes University, Grahamstown.
- University of Cape Town, Rondebosch.
- University of the Witwatersrand, Johannesburg.
- University of Natal, Patermanritzburg.

Basutoland (1): University of Basutoland, Bechuanaland Protectorate and Swaziland Basutoland, South Africa.

South America (1): University del Valle.

South Rhodesia (1): University College of Rhodesia.

South Vietnam (1): University of Van-Hahn, Saigon.

Spain (31):
- Universidad Autonoma De Bilbao, Bilbao.
- University of Barcelona, Barcelona.
- Pontifical University of Comillas.
- University of Granada, Granada.
- Universidad Literia de Granada, Granada.
- University of La Laguna, Tenerife.
- University of Madrid, Madrid.
- Facultad de Medicina de Madrid.
- Real Conservatory of Music.
- University of Murcia, Murcia.
- University of Navarre, Pamplona.
- University of Oviedo, Oviedo.
- University of Salamanca, Salamanca.
- Pontifical University of Salamanca.
- University of Santiago de Compostela.

- Spain (31)—Continued
  - University of Seville, Seviia.
  - University of Seville—Faculty of Medicine.
  - University of Seville—Faculty of Veterinary Science, Cordoba.
  - University of Madrid School of Science.
  - University of Madrid School of Economic Science and Business.
  - University of Madrid School of Politics.
  - University of Madrid School of Information Science.
  - University of Madrid School of Law.
  - University of Madrid School of Pharmacy.
  - University of Madrid School of Philosophy and Letters.
  - University of Madrid School of Medicine.
  - University of Madrid School of Veterinary Medicine.
  - University of Valencia, Valencia.
  - University of Valladolid.
  - University of Zaragoza, Zaragoza.
  - Royal Academy of Music, Madrid.
  - University of Granada, Granada.
- Sweden (14):
  - The Royal Caroline Institute of Medicine and Surgery, Stockholm.
  - Stockholm School of Ecoonmics, Stockholm.
  - University of Stockholm, Stockholm.
  - University of Gothenburg, Goteborg C.
  - Gotenburg School of Economics and Business Administration, Lund University, Lund.
  - University of Stockholm, Stockholm, Va.
  - Institute for English Speaking Students, Stockholm.
  - Karolinska Institute, Stockholm.
  - Royal Academy Art School, Stockholm.
  - University of Umea, Umea.
  - University of Uppsala, Uppsala.
  - The Royal Institute of Technology, Stockholm 70.
  - Chalmers Institute of Technology, Goteborg 8.
- Switzerland (16):
  - University of Neuchatel, Neuchatel.
  - Schule Fur Physiatherapie, Bern.
  - Schola Cantorum Basiliensis, Basel.
  - University of Basel, Basel.
  - University of Berne, Bern.
  - University of Fribourg, Fribourg.
  - University of Geneva, Geneve.
  - Graduate Institute of International Studies, Geneva.
  - University of Lausanne, Lausanne.
  - University of Lausanne Imede MGT Dot Inst.
  - The American College in Switzerland, Leysin.
- Switzerland (16)—Continued
  - University of Neuchatel, Neuchatel.
  - University of Zurich, Zurich.
  - Carl G Jung Institute, Gemeinbestrassi, Zurich.
  - Swiss Federal Institute of Technology, Zurich.
  - Institute of Technology of the University of Lausanne.
- Taiwan (1): Fu—Jen University—Hsin-Chw, Taiwan.
- Thailand (2):
  - Kasetsart University, Bangkok.
  - Thammasart University, Bangkok.
- Tunisia (2):
  - Bourguiba Institute of Modern Languages, Tunis.
  - University of Tunis, Tunisia.
- Turkey (1): Robert College, Istanbul.
- United Arab Republic (4):
  - American University in Cairo.
  - Ain Shams University, Cairo.
  - Al-Azhar University, Cairo.
  - University of Alexandria, Alexandria.
- Uganda (1): Makerere University, Kampala, Uganda.
- United Kingdom (100):
  - United of Hul, Kinston Hull, England.
  - University of Keele, Staffordshire, England.
  - University of Kent at Canterbury, Kent, England.
  - University of Lancaster, England.
  - University of Leeds, England.
  - University of Lancaster, England.
  - University of Liverpool, England.
  - University of London, England.
  - University of London, Institute of Archaeology, England.
  - University of London, Bedford College, England.
  - University of London, Birkbeck College, London.
  - University of London, Kings College.
  - University of London, School of Oriental and African Studies.
  - University of London, Queen Mary College.
  - University of London, Royal Holloway College.
  - St. Marys' Hospital, London.
  - University of London, Westfield College.
  - The London School of Economics and Political Science.
  - University of London, University College.
  - Loughborough University of Technology, Loughborough Leicestershire, England.
  - University of Manchester, England.
  - Manchester Business School, England.
  - Architectural Association, London, England.
  - Bath University, Bath, England.

United Kingdom (100)—Continued

- Battersea College of Technology, London.
- Birmingham College of Advanced Technology.
- British Broadcasting Company Television Training Center, London.
- University of Birmingham, England.
- Bradford Institute of Technology, England.
- Bristol College of Science and Technology, England.
- Bristol Old Vic Theatre School, Bristol.
- Brighton College of Art, Brighton, Sussex, England.
- University of Bristol, England.
- Brunel College, London, England.
- University of Cambridge, England.
- Cambridge University, Churchill College, England.
- Cambridge University, Pembroke College, England.
- The Central School of Arts and Crafts.
- Central School of Speech and Drama, London.
- Chelsea College of Science and Technology, England.
- Cranfield Institute of Technology, Cranfield Bedford, England.
- University of Durham, England.
- University of East Anglia, Norwich, England.
- University of Essex, Colchester, Essex, England.
- University of Exeter, England.
- Faculte de Medicine Veterinaire de l'W, Cureghem-Bruxelles.
- University of Newcastle upon Tyne, England.
- Northampton College of Advanced Technology, England.
- University of Nottingham, England.
- University College of Swansea, Wales.
- Welsh National School of Medicine, Cardiff, Wales.
- St. David's College, Lampeter, Wales.
- Welsh College of Advanced Technology, Cardiff.
- University of Aberdeen, Scotland.
- University of Dundee Dental School, Scotland.
- University of Edinburg, Scotland.
- University of Glasgow, Scotland.
- Herious-Watt University, Scotland.
- University of St. Andrews, Scotland.
- University of Sterling, Scotland.
- University of Stratclyde, Scotland.
- Queens University of Belfast, Northern Island.
- Walver-Hampton Teachers College for Day Students, Walver-Hampton.

United Kingdom (100)—Continued

- Burnemouth and Poole College of Art, Hampshire.
- Brighton College of Arts and Crafts, Sussex.
- College of Aeronautics, Bedforshire.
- East 15 Acting School, Loughton, Essex.
- City of London Polytechnic School of Business, London.
- Hornsey School of Art, London.
- Institute of Psychiatry, Mudsley Hospital, London.
- London Film School Limite, London.
- Royal Academy of Music, London.
- Trinity College of Music, London.
- Hatfield Polytechnic, Hertfordshire, England.
- City Guilds of London Art School.
- University of Oxford, England.
- Oxford University, Balliow College, England.
- Oxford University, Corpus Christi College, England.
- Oxford University, St. Peter's College, England.
- Polytechnic of Central London.
- University of Reading, Berkshire.
- Royal College of Art, Kensington Gore, London.
- Royal Academy of Dramatic Art, London.
- Royal College of Advanced Technology, Salford, England.
- Salford University, Lancashire, England.
- Tavistock Institute of Human Relations, London.
- Sedgley Park College, Prestwich, Manchester, England.
- Tyndale Hall Theological College, Bristol.
- University of Sheffield, England.
- University of Southampton, England.
- University of Sussex, Brighton, England.
- University of Surrey, England.
- Trent Polytechnic, Nottingham, England.
- University of Warwick, Coventry, Warwickshire, England.
- University of York, Heslington, York England.
- University of Wales, Cardiff.
- University College of Wales, Aberystwyth.
- University College of North Wales, Bangor.
- University College of South Wales and Marmouthshire, Cardiff.
- London College of Printing, London.
- University of Salford, Salford.
- University of Surrey, Guilford.
- Webber Douglas School of Singing and Dramatic Art, London.
- University of Edinburgh, Edinburgh, Scotland.

USSR (2):
- Leningrad State University, Leningrad.
- Gosudarstvennais Konservatoriia, Moscow.

Vatican City (10):
- North American College, Vatican City.
- Pontificia Universitas Gregorians.
- Pontificia Universita Lateranense.
- Pontificia Studiorum Universitas a S. Thoma Aquina in Urbe.
- Pontificia Universitas Urbanians.
- Pontificio Ateneo di S. Anselmo.
- Pontificio Ateneo Antoniano.
- Pontificium Athenaeum Salesianum.
- Pontificium Institutum Biblicum.

Vatican City (10)—Continued
- Pontificium Institutum Orientalium Studiorum.

Venezuela (1): University of East, Cumana.

Yugoslavia (3):
- Music Academy of Zagreb, Zagreb.
- University of Belgrade, Belgrade.
- University of Zabred, Zabred.

West Indies (3):
- University of the West Indies, Kingston 7, Jamaica.
- University of the West Indies, Barbados.
- University of the West Indies, Trinidad.

Zambia (1): University of Zambia, Lusaka.

Mr. SIMMONS. We have a number from Puerto Rico going over to Spain to schools. They seem to have a preference to go there.

EFFECT OF LEGISLATIVE AMENDMENTS ON DEFAULTS

Mr. SHRIVER. Do you expect the default record to be worse with the new amendments with the maximum loan going from $1,500 to $2,500 per year as the increased amount for graduate students?

Mr. SIMMONS. I do not think so. I do not think that would affect the default ratio. There are several things in the new legislation which is going to help improve it, such as the needs analysis that has to be made by the educational institution and the review that has to be made by the lender.

I think the matter of paying the interest as well as the principal is important.

At the current time, when that account goes into delinquency status for 120 days, the lender is losing money.

RATIO OF DEFAULTS IN OTHER LOAN PROGRAMS

Mr. FLOOD. Insert a table for us showing the ratio of payments on this kind of student loan program vis-a-vis half a dozen other types of loan programs, no matter what they are.

Mr. SIMMONS. Default ratios on other guaranteed type programs?

Mr. FLOOD. Yes. Pick out half a dozen.

Mr. SIMMONS. Yes. It is very difficult to compare.

Mr. FLOOD. I know.

Mr. SIMMONS. We will be glad to supply those for whatever significance they might have.

Mr. FLOOD. For whatever it is worth, let's see it.

Mr. SIMMONS. Be glad to do it.

[The information follows:]

The ratios were furnished to the Office of Education by the various programs in February of 1972.

	Percent
1. HUD/FHA (home mortgage insurance)—(section 8) Insured low-cost home mortgages	6.18
2. HUD/FHA (home mortgage insurance)—(section 221) Home mortgage insurance—low- and moderate-income, low-income rehabilitation housing and low- and moderate-income condominium family units	7.25
3. HUD/FHA (home mortgage insurance)—(section 222) Mortgage insurance for servicemen	7.32

4. HUD/FHA (multifamily housing mortgage insurance)—(section 207) Multifamily rental housing insurance and mortgage insurance for multifamily mobile-home courts	13.43
5. HUD/FHA (multifamily housing mortgage insurance)—(section 220) Mortgage insurance and insured improvement loans for urban renewal projects	10.68
6. Small Business Administration Loans—(E.O.L.) Economic opportunity direct loans for small businesses to low-income and disadvantaged persons	7.91
7. HUD/FHA title I (property improvement loan program)	1.9

DEFAULTS AND NDEA LOAN PROGRAM

Mr. **Shriver**. Maybe the repayment record of the direct loan program under the National Defense Education Act could be included in that.

Mr. **Simmons**. I do not have that.

Mr. **Muirhead**. We would be pleased to provide that information with the qualification, of course, that they are not fully comparable. Loans are not in default under NDEA as they are under the guaranteed student loan program. However, we will provide the information on the delinquency in NDEA.

Mr. **Flood**. Yes. We want to show that while a lot of attention is being centered on this, the fact remains that quite a job is being done with reference to other types and kinds of loan programs.

[The information follows:]

Fiscal year 1970, 6.49 percent.

Method used to determine delinquency rate

1. Loan principal collected	$232,476,105
2. Loan principal canceled	123,713,632
3. Payments in deferred status	110,618,630
4. Total payments past due	39,479,070
5. Total	506,287,437
6. Total payments delinquent	32,870,100

Item 6 divided by item 4 equals 6.49 percent.

The delinquency rate for fiscal year 1971 is projected to be 6.8 percent and for fiscal year 1972, 7.1 percent.

The most recent year for which actual figures are available.

COLLECTIONS ON DEFAULTED LOANS

Dr. **Ottina**. Mr. Chairman, perhaps in that regard some other figures might be useful to you. The number of dollars that are presently in repayment status as a result of some of our collection efforts, and the number that we have already collected.

Mr. **Flood**. Yes.

[The information follows:]

COLLECTIONS ON DEFAULTED LOANS AS OF DEC. 31, 1972

	Number	Amount	Percent
Defaulted loans currently being repaid	18,571	$16,567,218	25.7
Defaulted loans that have now been repaid in full	3,117	2,090,077	3.3
Defaulted loans on which no payments are being made	47,057	45,596,410	71.0
Total defaulted loans	[1] 68,745	64,253,705	100.0

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[1] Excludes: Bankruptcy which amounts to $3,600,000.

COLLECTION EFFORTS BY LENDERS

Mr. **Shriver**. In your justifications you say the lender must exercise due diligence, both in making and collecting loans. What are your requirements of due diligence?

Mr. **Simmons**. We believe there should be some personal contact, some evidence before a claim is submitted to us, that there was counseling on the part of the lender, as well as the educational institution with the student as to what his obligations are. So far as the collection end of it, we ask the lender to do what he would normally do in his installment lending activities. That varies from one part of the country to another.

I have examined banks many years. Let's say in Arkansas the techniques that would work there might not work in the inner city of Chicago. When that claim is submitted to us, we insist that they must provide us with copies of the notices they have sent to the student, they must be timely, they must be firm, there must be letters, there must be a demand made, some effort to talk with them personnally, contact by telephone, certified mail if necessary.

If those are not in the file, we do not pay the claim, we reject it.

STATE OPERATED LOAN PROGRAMS

Mr. **Shriver**. I notice that the federally-insured student loan program operates in the 25 States, and in the remaining 25 States they have and administer their own guarantee program, as follows:

GUARANTEED STUDENT LOAN PROGRAM, PROGRAM STATUS AS OF MARCH 1973

Federally insured: Alabama, Arizona, California, Colorado, District of Columbia, Florida, Gaum, Hawaii, Idaho, Indiana, Iowa, Kansas, Kentucky, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Mexico, North Dakota, Puerto Rico, South Dakota, Texas, Trust Territories of the Pacific, Utah, Vermont, Washington, West Virginia, and Wyoming.

State Guaranteed: Alaska,*† Arkansas,† Connecticut,† Delaware,*† District of Columbia,† Georgia,† Illinois,† Louisiana (in-state),† Maine,*† Maryland,*† Massachusets,† Michigan,† Nevada,*† New Hampshire,† New Jersey,† New York,† North Carolina,† Ohio,† Oklahoma,† Oregon,† Pennsylvania,† Rhode Island,† Tennessee,† Vermont,† Virginia, and Wisconsin.†

USAF endorsed:[1] Louisiana (out-of-State), South Carolina, and Virgin Islands.

Mr. **Shriver**. Are your repayments generally put on a monthly basis?

Mr. **Simmons**. I would say 99 percent are on a monthly basis.

Mr. **Shriver**. Thank you, that is all.

Mr. **Flood**. Mr. Natcher?

BANKRUPTCY CASES

Mr. **Natcher**. Mr. Muirhead, what was the amount involved concerning bankruptcy, the percentage of amounts?

Mr. **Muirhead**. I reported that the total amount of Federal expenditures on claims paid up to January 1973 was $80,417,000, and of that amount, $3,611,000 were paid on account of bankruptcy. That represented 4.5 percent of the total claims paid.

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†Federal reinsurance.

*USAF serves as administrative agent.

[1] United Student Aid Funds, Inc., a nonprofit private guarantee agency.

Note.—Loans guaranteed by the State and nonprofit private guarantee agencies are eligible for Federal interest benefits, special allowance payments, reinsurance payments, and discharge of the borrowers obligation by the Federal Government in the event of death or total or permanent disability. Loans guaranteed by these agencies will also be eligible for participation with the Student Loan Marketing Association (Sallie Mae).

Mr. NATCHER. Mr. Muirhead, why should any student under any law have the right to file this type of a claim in bankruptcy? Why should they have the right to list this as a liability?

This is a matter of borrowing money from the government. Can you cite me two or three other instances in which anyone has the right to file this type of claim in bankruptcy?

Mr. FLOOD. Nineteen-year-old bankrupts.

Mr. NATCHER. Yes. Was it discussed in the authorizing committee?

Mr. MUIRHEAD. I will ask Mr. Simmons to answer that because he is closer to the rationale that was used in allowing these claims than I am.

Mr. SIMMONS. I think why they are allowed is, they are not prohibited under the statute from taking bankruptcy under this program.

Now as you know, there is currently a U.S. Commission studying the bankruptcy laws. I am told that there has not been a revision of those laws in some 25 years. We have had a number of conferences with representatives of the Commission over the past 12 to 18 months. We have polled the State agencies. We have talked to our own people on this very point.

I think the chairman mentioned 19-year-old ladies and gentlemen starting out with a bankruptcy record. In my opinion that is a tragedy. I am not certain what the Commission's recommendation will be regarding changing in bankruptcy laws.

The feeling among the guarantee agencies and those that I have spoken with in the lending community and the educational community, generally I might summarize it this way: An education is an asset. It cannot be distributed among creditors. It should be paid for.

If bankruptcy should occur, it should not be permitted until [illegible] to 5 years after the education is completed rather than 2 weeks [illegible] completed. I am not certain what their recommendation [illegible] is a matter of much concern.

Mr. NATCHER. Do you agree with me that a student should not have this right to list a claim like this in bankruptcy?

Mr. SIMMONS. I agree totally.

Mr. NATCHER. At the time we had the legislation up last year, was this discussed at all?

Mr. MUIRHEAD. Not to my knowledge.

Mrs. GREEN. Would the gentleman yield?

It was discussed at some length in the conference.

Mr. NATCHER. It was? Go ahead, Mr. Simmons.

Mr. SIMMONS. As Mr. Muirhead mentioned, the percentage of bankruptcy claims to total claims paid is about 4½ percent. If we talk about that ratiowise, the ratio of total claims paid to matured loans is 4.9 with the default ratio being 4.3. The difference there of six-tenths of 1 percent is divided between bankruptcy and death and disability. Bankruptcies are running about two-tenths of 1 percent on a ratio basis, which is not out of line.

Mr. NATCHER. Regardless of percentages, when you get back down to this, as a matter of principle——

Mr. SIMMONS. Morally.

Mr. NATCHER [continuing]. Morally, certainly they should not have that right.

Mr. SIMMONS. I agree.

Mr. NATCHER. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Robinson?

Mr. ROBINSON. No questions.

Mr. FLOOD. Mr. Smith?

Mr. SMITH. No questions.

Mr. FLOOD. Mr. Patten?

Mr. PATTEN. I see you are cutting out the fellowships for the average person. You added $750,000 for the disadvantaged. You are leaving out the teaching fellowships of $15 million. I do not buy that, I will tell you right now.

I have no further questions, Mr. Chairman.

Mr. FLOOD. Mr. Obey?

Mr. OBEY. No questions, Mr. Chairman, I covered everything I wanted to yesterday.

Mr. FLOOD. Mrs. Green?

Mrs. GREEN. No questions.

Mr. FLOOD. Thank you very much.

Justification of the Budget Estimates

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Student Loan Insurance Fund

Amounts Available for Obligation

	1973	1974
Appropriation	$29,047,000	$57,883,000
Proposed budget amendment	17,593,000	---
Subtotal, budger authority	46,640,000	57,883,000
Receipts and reimbursements from:		
Non-Federal sources:		
Insurance premiums	2,405,000	2,870,000
Interest income	1,362,000	1,848,000
Loans repaid	4,300,000	9,300,000
Unobligated balance, start of year	158,000	---
Total, obligations	54,865,000	71,901,000

Budget Authority by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
110	Student loans purchased upon default by student borrowers	$46,640.000	$57,883,000	$+11,243,000

Obligations by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
	Student loans purchased upon default by student borrowers:			
113	(a) Federal insurance program	$35,709,000	$48,919,000	$+13,210,000
116	(b) Federal reinsurance program	19,156,000	22,982,000	+3,826,000
	Total obligations	54,865,000	71,901,000	+17,036,000

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Other services	$ 3,000	$ 3,000	---
Investments and loans	54,222,000	70,940,000	$+16,718,000
Insurance claims and indemnities	640,000	958,000	+318,000
Total obligations by object	54,865,000	71,901,000	+17,036,000

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Summary of Changes

1973 estimated obligations	$54,865,000
1974 estimated obligations	71,901,000
Net change	+17,036,000

	Base	Change from base
Increases:		
A. Built-in:		
1. Federal insurance program	$35,709,000	$+13,210,000
2. Federal reinsurance program	19,156,000	+3,826,000
Total net change		+17,036,000

Summary of Changes

1973 Budget authority	$46,640,000
1974 Budget authority	57,883,000
Net change	+11,243,000

	Base	Change from Base
Increases:		
A. Built-in:		
1. Student loans purchased upon default by student borrowers	$46,640,000	$+11,243,000

Explanation of Changes

Obligations for default payments under the Student Loan Insurance Fund are estimated at $71,901,000 for fiscal year 1974, an increase of $17,036,000 over the 1973 estimated level of $54,865,000. This $71,901,000 will be funded by income and other collections into the fund of $14, 18,000 and $57,883,000 from the appropriation request in 1974: On an appropriation basis, the 1974 request of $57,883,000 represents an increase of $11,243,000 over the 1973 amount of $46,640,000. The $46,640,000 includes $29,047,000 requested in the 1973 regular budget request and a proposal supplemental request of $17,593,000.

Authorizing Legislation

Legislation	Authorized	Appropriation requested
Higher Education Act:		
Title IV-B, Sections 421 and 428-431--Student Loan Insurance Fund..................	Indefinite	$57,883,000

HIGHER EDUCATION ACT

Title IV - Student Assistance

(P.L. 89-329, as amended)

PART B—FEDERAL, STATE, AND PRIVATE PROGRAMS OF LOW-INTEREST INSURED LOANS TO STUDENTS IN INSTITUTIONS OF HIGHER EDUCATION [3]

STATEMENT OF PURPOSE AND APPROPRIATIONS AUTHORIZED

SEC. 421. (a) The purpose of this part is to enable the Commissioner (1) to encourage States and nonprofit private institutions and organizations to establish adequate loan insurance programs for students in eligible institutions (as defined in section 435), (2) to provide a Federal program of student loan insurance for students or lenders who do not have reasonable access to a State or private nonprofit program of student loan insurance covered by an agreement under section 428(b), (3) to pay a portion of the interest on loans to qualified students which are made by a State under a direct loan program meeting the requirements of section 428(a)(1)(B), or which are insured under this part or under a program of a State or of a nonprofit private institution or organization which meets the requirements of section 428(a)(1)(C), and (4) to guarantee a portion of each loan insured under a program of a State or of a nonprofit private institution or organization which meets the requirements of section 428(a)(1)(C).

(b) For the purpose of carrying out this part—

(1) there are authorized to be appropriated to the student loan insurance fund (established by section 431) (A) the sum of $1,000,000, and (B) such further sums, if any, as may become necessary for the adequacy of the student loan insurance fund,

FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS

SEC. 428.

(c)(1) The Commissioner may enter into a guaranty agreement with any State or any nonprofit private institution or organization with which he has an agreement pursuant to subsection (b), whereby the Commissioner shall undertake to reimburse it, under such terms and conditions as he may establish, in an amount equal to 80 per centum of the amount expended by it in discharge of its insurance obligation, incurred under its loan insurance program, with respect to losses (resulting from the default of the student borrower) on the unpaid balance of the principal (other than interest added to principal) of any insured loan with respect to which a portion of the interest (A) is payable by the Commissioner under subsection (a), or (B) would be payable under such subsection but for the borrower's lack of need.

(2) The guaranty agreement—

(A) shall set forth such administrative and fiscal procedures as may be necessary to protect the United States from the risk of unreasonable loss thereunder, to insure proper and efficient administration of the loan insurance program, and to assure that due diligence will be exercised in the collection of loans insured under the program;

(B) shall provide for making such reports, in such form and containing such information, as the Commissioner may reasonably require to carry out his functions under this subsection, and for keeping such records and for affording such access thereto as the Commissioner may find necessary to assure the correctness and verification of such reports;

(C) shall set forth adequate assurance that, with respect to so much of any loan insured under the loan insurance program as may be guaranteed by the Commissioner pursuant to this subsection, the undertaking of the Commissioner under the guaranty agreement is acceptable in full satisfaction of State law or regulation requiring the maintenance of a reserve;

(D) shall provide that if, after the Commissioner has made payment under the guaranty agreement pursuant to paragraph (1) of this subsection with respect to any loan, any payments are made in discharge of the obligation incurred by the borrower with respect to such loan (including any payments of interest accruing on such loan after such payment by the Commissioner), there shall be paid over to the Commissioner (for deposit in the fund established by section 431) such proportion of the amounts of such payments as is determined (in accordance with regulations prescribed by the Commissioner) to represent his equitable share thereof, but shall not otherwise provide for subrogation of the United States to the rights of any insurance beneficiary: *Provided*, That, except as the Commissioner may otherwise by or pursuant to regulation provide, amounts so paid by a borrower on such a loan shall be first applied in reduction of principal owing on such loan; and

(E) may include such other provisions as may be necessary to promote the purposes of this part.

(3) To the extent provided in regulations of the Commissioner, a guaranty agreement under this subsection may contain provisions which permit such forbearance for the benefit of the student borrower as may be agreed upon by the parties to an insured loan and approved by the insurer.

(4) For purposes of this subsection, the terms "insurance beneficiary" and "default" shall have the meanings assigned to them by section 430(e).

(5) In the case of any guaranty agreement entered into prior to September 1, 1969, with a State or nonprofit private institution or organization with which the Commissioner has in effect on that date an agreement pursuant to subsection (b) of this section, or section 9(b) of the National Vocational Student Loan Insurance Act of 1965, made prior to the date of enactment of this subsection, the

Commissioner may, in accordance with the terms of this subsection, undertake to guarantee loans described in paragraph (1) which are insured by such State, institution, or organization and are outstanding on the date of execution of the guaranty agreement, but only with respect to defaults occurring after the execution of such guaranty agreement or, if later, after its effective date.

CERTIFICATE OF FEDERAL LOAN INSURANCE—EFFECTIVE DATE OF INSURANCE

SEC. 429. (a)(1) If, upon application by an eligible lender, made upon such form, containing such information, and supported by such evidence as the Commissioner may require, and otherwise in conformity with this section, the Commissioner finds that the applicant has made a loan to an eligible student which is insurable under the provisions of this part, he may issue to the applicant a certificate of insurance covering the loan and setting forth the amount and terms of the insurance.

(2) Insurance evidenced by a certificate of insurance pursuant to subsection (a)(1) shall become effective upon the date of issuance of the certificate, except that the Commissioner is authorized, in accordance with regulations, to issue commitments with respect to proposed loans, or with respect to lines (or proposed lines) of credit, submitted by eligible lenders, and in that event, upon compliance with subsection (a)(1) by the lender, the certificate of insurance may be issued effective as of the date when any loan, or any payment by the lender pursuant to a line of credit, to be covered by such insurance was made. Such insurance shall cease to be effective upon sixty days' default by the lender in the payment of any installment of the premiums payable pursuant to subsection (c).

(3) An application submitted pursuant to subsection (a)(1) shall contain (A) an agreement by the applicant to pay, in accordance with regulations, the premiums fixed by the Commissioner pursuant to subsection (c), and (B) an agreement by the applicant that if the loan is covered by insurance the applicant will submit such supplementary reports and statements during the effective period of the loan agreement, upon such forms, at such times, and containing such information as the Commissioner may prescribe by or pursuant to regulation.

(b)(1) In lieu of requiring a separate insurance application and issuing a separate certificate of insurance for each student loan made by an eligible lender as provided in subsection (a), the Commissioner may, in accordance with regulations consistent with section 424, issue to any eligible lender applying therefor a certificate of comprehensive insurance coverage which shall, without further action by the Commissioner, insure all insurable loans made by that lender, on or after the date of the certificate and before a specified cutoff date, within the limits of an aggregate maximum amount stated in the certificate. Such regulations may provide for conditioning such insurance, with respect to any loan, upon compliance by the lender with such requirements (to be stated or incorporated by reference in the certificate) as in the Commissioner's judgment will best achieve the purpose of this subsection while protecting the financial interest of the United States and promoting the objectives of this part, including (but not limited to) provisions as to the reporting of such loans and information relevant thereto to the Commissioner and as to the payment of initial and other premiums and the effect of default therein, and including provision for confirmation by the Commissioner from time to time (through endorsement of the certificate) of the coverage of specific new loans by such certificate, which confirmation shall be incontestable by the Commissioner in the absence of fraud or misrepresentation of fact or patent error.

(2) If the holder of a certificate of comprehensive insurance coverage issued under this subsection grants to a student a line of credit extending beyond the cutoff date specified in that certificate, loans or payments thereon made by the holder after that date pursuant to the line of credit shall not be deemed to be included in the coverage of that certificate except as may be specifically provided therein; but, subject to the limitations of section 424, the Commissioner may, in accordance with regulations, make commitments to insure such future loans or payments, and such commitments may be honored either as provided in subsection (a) or by inclusion of such insurance in comprehensive coverage under this subsection for the period or periods in which such future loans or payments are made.

(c) The Commissioner shall, pursuant to regulations, charge for insurance on each loan under this part a premium in an amount not to exceed one-fourth of 1 per centum per year of the unpaid principal amount of such loan (excluding interest added to principal), payable in advance, at such times and in such manner as may be prescribed by the Commissioner. Such regulations may provide that such premium shall not be payable, or if paid shall be refundable, with respect to any period after default in the payment of principal or interest or after the borrower has died or becomes totally and permanently disabled, if (1) notice of such default or other event has been duly given, and (2) request for payment of the loss insured against has been made or the Commissioner has made such payment on his own motion pursuant to section 430(a).

(d) The rights of an eligible lender arising under insurance evidenced by a certificate of insurance issued to it under this section may be assigned as security by such lender only to another eligible lender, and subject to regulation by the Commissioner.

(e) The consolidation of the obligations of two or more federally-insured loans obtained by a student borrower in any fiscal year into a single obligation evidenced by a single instrument of indebtedness shall not affect the insurance by the United States. If the loans thus consolidated are covered by separate certificates of insurance issued under subsection (a), the Commissioner may upon surrender of the original certificates issue a new certificate of insurance in accordance with that subsection upon the consolidated obligation; if they are covered by a single comprehensive certificate issued under subsection (b), the Commissioner may amend that certificate accordingly.

(20 U.S.C. 1079) Enacted Nov. 8, 1965, P.L. 89-329, Title IV, sec. 429, 79 Stat. 1243.

DEFAULT OF STUDENT UNDER FEDERAL LOAN INSURANCE PROGRAM

Sec. 430. (a) Upon default by the student borrower on any loan covered by Federal loan insurance pursuant to this part, and prior to the commencement of suit or other enforcement proceedings upon security for that loan, the insurance beneficiary shall promptly notify the Commissioner, and the Commissioner shall if requested (at that time or after further collection efforts) by the beneficiary, or may on his own motion, if the insurance is still in effect, pay to the beneficiary the amount of the loss sustained by the insured upon that loan as soon as that amount has been determined. The "amount of the loss" on any loan shall, for the purposes of this subsection and subsection (b), be deemed to be an amount equal to the unpaid balance of the principal amount of the loan (other than interest added to principal).

(b) Upon payment by the Commissioner of the amount of the loss pursuant to subsection (a), the United States shall be subrogated for all of the rights of the holder of the obligation upon the insured loan and shall be entitled to an assignment of the note or other evidence of the insured loan by the insurance beneficiary. If the net recovery made by the Commissioner on a loan after deduction of the cost of that recovery (including reasonable administrative costs) exceeds the amount of the loss, the excess shall be paid over to the insured.

(c) Nothing in this section or in this part shall be construed to preclude any forbearance for the benefit of the student borrower which may be agreed upon by the parties to the insured loan and approved by the Commissioner, or to preclude forbearance by the Commissioner in the enforcement of the insured obligation after payment on that insurance.

(d) Nothing in this section or in this part shall be construed to excuse the holder of a federally insured loan from exercising reasonable care and diligence in the making and collection of loans under the provisions of this part. If the Commissioner, after reasonable notice and opportunity for hearing to an eligible lender, finds that it has substantially failed to exercise such care and diligence or to make the reports and statements required under section 428(a)(3) and section 429(a)(3), or to pay the required Federal loan insurance premiums, he shall disqualify that lender for further Federal insurance on loans granted pursuant to this part until he is satisfied that its failure has ceased and finds that there is reasonable assurance that the lender will in the future exercise necessary care and diligence or comply with such requirements, as the case may be.

(e) As used in this section—

(1) the term "insurance beneficiary" means the insured or its authorized assignee in accordance with section 429(d); and

(2) the term "default" includes only such defaults as have existed for (A) one hundred and twenty days in the case of a loan which is repayable in monthly installments, or (B) one hundred and eighty days in the case of a loan which is repayable in less frequent installments.

(20 U.S.C. 1080) Enacted Nov. 8, 1965, P.L. 89-329, Title IV, sec. 430, 79 Stat. 1244; amended Oct. 16, 1968. P.L. 90-575, Title I, sec. 113, 82 Stat. 1021.

INSURANCE FUND

SEC. 431. (a) There is hereby established a student loan insurance fund (hereinafter in this section called the "fund") which shall be available without fiscal year limitation to the Commissioner for making payments in connection with the default of loans insured by him under this part, or in connection with payments under a guaranty agreement under section 428(c). All amounts received by the Commissioner as premium charges for insurance and as receipts, earnings, or proceeds derived from any claim or other assets acquired by the Commissioner in connection with his operations under this part, and any other moneys, property, or assets derived by the Commissioner from his operations in connection with this section, shall be deposited in the fund. All payments in connection with the default of loans insured by the Commissioner under this part, or in connection with such guaranty agreements shall be paid from the fund. Moneys in the fund not needed for current operations under this section may be invested in bonds or other obligations guaranteed as to principal and interest by the United States.

(b) If at any time the moneys in the fund are insufficient to make payments in connection with the default of any loan insured by the

Commissioner under this part, or in connection with any guaranty agreement made under section 428(c), the Commissioner is authorized to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. Sums borrowed under this subsection shall be deposited in the fund and redemption of such notes and obligations shall be made by the Commissioner from such fund.

GUARANTEED STUDENT LOAN PROGRAM

Student Loan Insurance Fund

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1966	$ 550,000	$ 550,000	$ 550,000	$ 550,000
1967	3,200,000	3,200,000	3,200,000	3,200,000
1968	---	---	---	---
1969	---	---	---	---
1970	10,826,000	10,826,000	10,826,000	10,826,000
1971	18,000,000	18,000,000	18,000,000	18,000,000
1972	12,765,000	12,765,000	12,765,000	12,765,000
1973	29,047,000			
1973 budget amendment	17,593,000			
1974	57,883,000			

Justification

Student Loan Insurance Fund

	1973	1974	Increase or Decrease
Federal Insurance Program:			
Claims paid (obligations)..........	$35,709,000	$48,919,000	$+13,210,000
Receipts and carryover.............	-5,785,000	-9,715,000	-3,930,000
Subtotal, Budget authority......	29,924,000	39,204,000	+9,280,000
Federal Reinsurance Program:			
Claims paid (obligations)..........	19,156,000	22,982,000	+3,826,000
Receipts and carryover.............	-2,440,000	-4,303,000	-1,863,000
Subtotal, Budget authority......	16,716,000	18,679,000	+1,963,000
Total:			
Obligations....................	54,865,000	71,901,000	+17,036,000
Budget authority (appropriation).............	46,640,000	57,883,000	+11,243,000

General Statement

The Student Loan Insurance Fund was established under the Guaranteed Student Loan Program to enable the Commissioner to pay defaults out of insurance premiums, defaulted loan repayments, and other receipts, as well as from amounts appropriated for this purpose. Appropriations are made to cover default payments on both Federally insured and Federally reinsured loans.

The request for Federal interest subsidies, special allowances and death and disability payments on these loans--the major appropriation item--is presented and justified to the Congress under the appropriation account for "Higher Education." Requirements for staffing, and computer services, are included in the Salaries and Expense account.

Following for the purpose of background information is a summary of the authority, purposes, operation and scope of the student loan program as a whole.

Authority and Purpose:

Title IV, Part B of the Higher Education Act of 1965 (P.L. 89-329), authorizes a program of low interest, deferred repayment loans, utilizing private capital, to help students finance their postsecondary education. The law authorizes Federal payments to reduce student interest costs and special allowances paid to lenders as warranted by money market conditions (provided under the Emergency Insured Student Loan Act of 1969 P.L. 91-95).

The program includes loans made by a State, insured directly by the Federal Government and loans guaranteed by State and nonprofit private agencies. Most of these latter loans are reinsured up to 80 percent by the Federal Government. Loans made by a State (not insured) are eligible only for the Federal interest subsidy and do not qualify for the special allowance or Federal reinsurance. The law also establishes a Student Loan Insurance Fund--from which defaults are paid and into which appropriations related to defaults and other receipts are deposited.

Scope of the Program:

By the end of fiscal year 1974, it is expected that loans totaling $7,700,000,000 will have been made to students under this program. More than $1,671,000,000 will have been made in fiscal year 1974 alone. There are over 19,500 lenders and 8,200 educational institutions--here and abroad--which are eligible for students to attend under the Guaranteed Student Loan Program.

Measured by income category, race and sex of borrowers, the program serves a diverse population. In fiscal year 1972, 28.0 percent were from families with gross incomes of less than $6,000, while 26.8 percent were from families with gross incomes of $12,000 and over. Over 21 percent of the borrowers were from minority groups. Blacks accounted for 17 percent of all borrowers. Nearly two out of three borrowers were male, about the same proportion of males as found in the total undergraduate population.

Program Operations:

The principal of the student loan is provided by participating lending institutions such as commercial banks, savings and loan associations, credit unions, insurance companies, pension funds, and eligible educational institutions. Twenty-five State or nonprofit agencies administer their own guaranteed loan program. The agencies may contract with the Commissioner of Education, to reinsure 80 percent of the principal amount of the loss incurred by the agency in meeting its obligation to lenders on guaranteed loans in default. No fee is charged for the reinsurance.

The Federally Insured Student Loan Program operates in the remaining states. In addition, the Act authorizes Federal insurance for lenders operating on an interstate basis for students who by virtue of their residency do not have access to a State program. Under the Federal program, the Commissioner will insure the lender for 100 percent of the principal outstanding at the time the loan enters into default. The insurance premium charged is one quarter of one-percent of the face value.

While the student is in school, during the maximum 12-month grace period, and during periods of authorized deferment, the Federal Government pays the total interest up to the maximum 7 percent on loans that qualify for such a subsidy. Through February 28, 1973, students whose adjusted family income was less than $15,000 per year qualified for the subsidy. Under the Education Amendments of 1972 (P.L. 92-318) to become effective March 1, 1973, students apply for Federal interest benefits by submitting, to the lender a recommendation by the educational institution as to the amount needed by the student to meet his educational costs.

A special allowance is authorized to be paid to lenders when the Secretary of Health, Education, and Welfare determines that economic conditions are impeding or threatening to impede the fulfillment of the purposes of the program or that the return to the lender is less than equitable. The rate may not exceed three percent per annum on the average quarterly unpaid principal balance of loans made after August 1, 1969.

The Education Amendments of 1972 (P.L. 92-318) increased the maximum loan per academic year from $1,500 to $2,500. The maximum total loans outstanding for graduate students was increased from $7,500 to $10,000.

These amendments also provide that all Federally insured loans made under the new legislation are insured 100 percent of the unpaid principal balance plus interest, whether or not the loan qualified for Federal interest benefits.

Applications for student loans may be obtained from lenders, schools, regional offices of the Office of Education or State or private nonprofit guarantee agencies. The school must complete a portion of this application certifying the amount of loan needed by the student and verifying the student's enrollment, his costs and academic standing. If the lender agrees to make the loan, approval must be obtained by the appropriate guarantor.

Any student may apply who has been accepted for enrollment in a eligible school or who is already in attendance and in good standing, and who is a citizen or national of the United States or is in the United States for other than a temporary purpose. In most states, half-time students are eligible, but some state agency programs require full-time attendance. Residency requirements also vary in some states.

Other information relevant to this program is shown under the Higher Education appropriation.

Estimating Problems:

The President's Budget for fiscal year 1973 for the Student Loan Insurance Fund was prepared in August of 1971. Experience to date in fiscal year 1973 indicates quite clearly that the budget estimate for the Student Loan Insurance Fund will be significantly below actual requirements.

Difficulties in estimating are directly related to the relative newness of the Guaranteed Student Loan Program and the absence of hard data on defaults and loans in repayment. Defaults under the Federal Program did not reach the Office of Education in substantial amounts until the latter part of fiscal year 1970. The reinsurance phase of the program began only recently and has been further complicated by the failure of agencies to file for reinsurance on all eligible claims and on a timely basis.

Data necessary for systematic estimating based on matured paper and defaults are not yet available, but a computerized forecasting model is currently being developed to help manage the program. Continued experience in the processing of Federally insured and reinsured claims together with progressive growth in the total program have provided a better base for estimating. The methodology used in arriving at each of the data in the revised 1973 estimates and 1974 forecast is described within the statements for the insured and reinsured phases of the program.

Federal Insurance Program

	1973 Estimate Revised	1974 Estimate	Increase or Decrease
Federal Insurance Program:			
Claims paid (obligations)........	$35,709,000	$48,919,000	$+13,210,000
Receipts and carryover...........	-5,785,000	-9,715,000	-3,930,000
Total, Budget authority........	29,924,000	39,204,000	+9,280,000

Narrative

Under the Higher Education Act of 1965, the Office of Education is authorized to provide a program of Federal loan insurance for students and lenders who do not have reasonable access to State or private nonprofit guarantee agency programs. Upon default of student borrowers, the Office of Education is authorized to pay the beneficiary 100 percent of the principal amount of the loss. The Education Amendments of 1972 also provide that all Federally insured loans made under the new legislation are insured 100 percent of the unpaid principal balance plus interest, whether or not the loan qualified for Federal interest benefits. In the event of death or total and permanent disability, the Commission discharges the borrower's liability by paying lender the total amount owed. The law also authorizes the Commissioner of Education to charge an insurance premium of up to one-fourth of one percent per year on the unpaid principal amount of loans insured under this program.

Scope of the Program:

The Higher Education Act of 1965 originally placed emphasis for insuring a loan on State and private nonprofit agencies. The Federal program of insurance was provided on a stand-by basis in the event that the State or private nonprofit agencies were unable to provide adequate coverage. Today, the Federal Insurance Program is operating in 26 states, Puerto Rico, and the Trust Territories of the Pacific. By the end of fiscal year 1974, over $2,900,000,000 in outstanding loans will be insured under the Federal Program--approximately 50 percent of all outstanding loans insured under the Guaranteed Student Loan Program.

Operation of the Program - Collection Efforts:

The lender must exercise due diligence both in the making and collection of loans. In the event the borrower dies or becomes totally and permanently disabled, the government reimburses the lender for the total amount owed. No subsequent efforts are made to recover these losses either from the borrower or his estate. In the event of bankruptcy, limited efforts are made to obtain reaffirmation of the debt and some borrowers have reaffirmed their debt after discharge in bankruptcy. However, in the event the borrower defaults on his obligation, the lender is required to make all reasonable efforts to effect collection before filing a claim with the government for reimbursement of his loss. If it is determined that the lender has not exercised such diligence, the claim is returned for further effort or in some cases, ruled ineligible for payment due to lender negligence. The government provides lenders with preclaim assistance which has resulted in many delinquent accounts being returned to good standing.

After a claim for default is paid, the Office of Education, through automated assistance from Washington and collection personnel both in Washington and its ten regional offices makes an effort to recover the loan. Until late in fiscal year 1972, systematic collections on defaulted loans were limited by staff resources. Fifty-two new positions were requested and approved by the Congress in fiscal year 1972 to help strengthen the collection effort. The first thirty-two field collections staff were allocated to the regions at that time. These were filled through re-assignment of Office of Education staff. All collection practices and procedures follow those set forth in the regulations implementing the Federal Claims and Collection Act of 1966.

Major Objectives - Fiscal Year 1974:

A major goal in fiscal year 1974 will be to increase the recoveries on defaulted loans. These recoveries are expected to reach $5,700,000 in the Federal program against $2,500,000 in fiscal year 1973. These estimates are subject to change with additional program experience.

Improved program monitoring and management should assist in reducing the level of defaults. A major effort in providing preclaim assistance to lenders will contribute to the objective of reducing the potential default level. An increase in staff in fiscal year 1974 has been requested under the Salaries and Expenses Appropriations to effect recoveries on existing defaults and to support increased loan volumes and improved program monitoring and management activities.

Fiscal Year 1974 Estimate:

Defaults under the Federally insured phase of the program did not begin reaching the Office of Education, in substantial number, until late in fiscal year 1970; therefore, an experience factor is not yet available for estimating the rate of default on the amount of loans assumed to be entering or in repayment. A corresponding lack of experience exists on predicting with accuracy the rate of recovery on defaulted loans.

Claims on Defaulted Loans:

Payments to lenders for claims on defaulted student loans are expected to total $48,919,000 in 1974, an increase of 13,210,000 over the 1973 estimate of $35,709,000. The projections for both years are predicted by applying an assumed rate of default to the estimated value of loans in repayment. Two categories of repayment loans are considered--those converting to repayment during the fiscal year and those already in repayment status from prior years. The incidence of default is assumed to be considerably higher during the year of conversion because no pattern of payments has been established. Studies made by selected guarantee agencies and information developed on installment credit borrowers in the 21 to 34 age group indicated that rates might be as high as 7.5 percent for conversions and 2.5 percent of previous year's balance, but rates of 6.5 percent for conversions and 2.0 percent of previous year balance in repayment are used in this estimate, because those reates provide estimates more consistent with other available data.

The projected overall default rate for the Federal program is higher than that anticipated for State and nonprofit private agency and reinsured phases of the program. Differences in the relative management resources available and the operations of the two parts of the Guaranteed Student Loan Program have been partially responsible for this difference. Federal program operates on an interstate basis and includes lenders who are not supervised by established supervisory agencies (Federal Reserves, FDIC, etc.). State agency activities are, for the most part, restricted to a given state area and do not permit unsupervised lenders such as proprietary schools to make student loans.

Another reason for the difference between "default rates" for the Federal program versus guarantee agency programs is that in the Federal program, the figures represent total claims received from lenders for defaults; whereas, in the case of the guarantee agencies, the figures are not claims received, but are the net after the agencies and lenders have made further collection efforts. There is also a difference in the kind of constitutent served under the Federally insured and state agency phases of the program. The Federal program has a substantially greater proportion of its loans serving the vocational education and lower income student. Many of the state agencies have guaranteed relatively few loans to these categories of students. Preliminary data show that students with vocational loans and those in the low income groups have a greater propensity to default.

Receipts and Carryover:

	1973 Estimate Revised	1974 Estimate	Increase or Decrease
Loans repaid (collections on defaulted loans)	$2,500,000	$5,700,000	$+3,200,000
Insurance premiums	2,405,000	2,870,000	+ 465,000
Interest income	787,000	1,145,000	+ 358,000
Carryover balance	93,000	---	- 93,000
Total receipts and carryover	5,785,000	9,715,000	+3,930,000

Insurance premiums available for obligation during fiscal year 1974 amount to $2,870,000. This amount relates to collections and receivables on loans made in prior years and anticipated billings during fiscal year 1974. The Higher Education Act authorizes the charge of an insurance premium in the amount of one-fourth of one percent per annum. The premiums are actually collected in advance for the interim period which can run for five years. Amounts collected are therefore available for obligation as they are earned, or at the rate of 1/20th per quarter, the equivalent of 20 percent per annum over a five year period. Billings during 1974 are estimated at $5,375,000 or an average of $6.50 on some 827,000 loans. Amounts available for obligation consisting of 20 percent of this total, $1,075,000, and monies available from prior years billings, $1,795,000, give an estimated $2,870,000 in insurance premium income for the Student Loan Insurance Fund.

The 1974 estimate includes increases in collections on defaulted loans of $3,200,000 over the level estimated for 1973. Total collections of $5,700,000 assumes a recovery rate of ten percent of the total default dollars (approximately $57,000,000) outstanding at the beginning of fiscal year 1974. This assumed percentage of recovery is based upon the experience (15 percent) of the collections division of the FHA Title I Home Improvement Program in the Department of Housing and Urban Development which has the most comparable collections operation. The adjustment to ten percent gives consideration to the unique conditions of the program already cited which make collections more difficult, and to the need to train adequately Office of Education personnel reassigned from other programs.

Federal Reinsurance Program

	1973 Estimate Revised	1974 Estimate	Increase or Decrease
Federal Reinsurance Program:			
Claims paid (obligations).......	$19,156,000	$22,982,000	+ $3,826,000
Receipts and carryover..........	-2,440,000	-4,303,000	-1,863,000
Total. Budget authority....	16,716,000	18,679,000	+1,963,000

Narrative

Authority and Purpose:

The Higher Education Amendments of 1968 authorized the Office of Education to reinsure loans guaranteed by State and nonprofit private agencies to the extent of 80 percent of the principal amount of the loss incurred by the agency in meeting its obligation to lenders as a result of default by student borrowers. One of the principal purposes of this amendment was to substitute Federal credit in lieu of further advances to the States pursuant to Section 422 of the Act. The effect of the 80 percent reinsurance is to increase the guarantee capacity of the agency by a factor of five.

Scope of the Program:

Twenty-four states and the District of Columbia currently have agreements to guarantee student loans. Twenty-one of these agencies operate their programs directly; five have contracted with United Student Aid Funds, inc., a private nonprofit agency, to administer their programs. Reinsurance agreements are currently effective in 23 states and the District of Columbia. By the end of the fiscal year 1974, nearly $2,400,000,000 in outstanding loans will be reinsured under the Federal Reinsurance Program--approximately 41 percent of all outstanding loans insured under the Guaranteed Student Loan Program. An additional $750,000,000-- or about 12 percent of all outstanding loans--is guaranteed by state agencies, but not reinsured by the Federal Government. Texas (through July 29, 1971) and Wisconsin have programs of direct State loans to students. The law authorizes the Office of Education to pay interest benefits on behalf of eligible students, but these programs are not entitled to Federal reinsurance.

Operation of the Program - Collection Efforts:

In the case of loans guaranteed by State and nonprofit private agencies, the guarantee agency requires diligent collection efforts on the part of the lender prior to paying claims. After default the agency has the responsibility to recover the loss. Eighty percent of the payments made by defaulted borrowers to the agency are returned to the Federal Government. The Federal Government has no direct responsibility for making collections. The agreement providing for reinsurance of guaranteed loans includes standards to be met by the guarantee agency. Program reviews are conducted to assure that they are conducting their business according to the Office of Education's agreement with them.

Fiscal Year 1974 Estimate:

Although the State and private non-profit agency programs have been in existence longer than the Federal Insurance Program, the same general problems exist in estimating the amount of defaults (nature of the program, etc.). Because of the differences in operations and constituency served in the reinsured program described in detail in the statement on the Federal Insurance Program, the rates used in projecting reinsured defaults are assumed to be slightly lower. In addition, estimating under the reinsurance program is further complicated since some agencies do not request reimbursement on every defaulted loan. Experience through fiscal year 1972 suggested that there is also a considerable lag between time of default and agency filing for reinsurance payments. Recoveries under this phase of the program are also difficult to estimate since the collection efforts among the agencies varies in level of sophistication.

Claims on Defaulted Loans:

Payments to agencies for reinsured claims are expected to total $22,982,000 in 1974, an increase of about $3,800,000 over estimated obligations of $19,156,000 in fiscal year 1973. The projections for both years were made by applying an assumed rate of 4.0 percent to loans estimated to be converting to repayment and 1.0 percent of previous year balance in repayment. This gave an estimated overall rate of 3.4 percent of all agency loans in repayment in 1974.

Receipts:

	1973 Estimate Revised	1974 Estimate	Increase or Decrease
Loans repaid (collections on defaulted loans)	$1,800,000	$3,600,000	$+1,800,000
Interest income	575,000	703,000	+ 128,000
Carryover	65,000	---	- 65,000
Total receipts	2,440,000	4,303,000	+ 1,863,000

The 1974 estimate includes increases in collections on defaulted loans of $1,800,000 over the level estimated for 1973. The assumed percentage of recovery on default dollars outstanding (estimated $37,500,000) at the beginning of the fiscal year is the same rate (10 percent) used for Federal collections estimate. The rate will vary, however, among the agencies. Eighty percent of all collected becomes available as income to the Student Loan Insurance Fund.

GUARANTEED STUDENT LOAN PROGRAM

Student Loan Insurance Fund

Program Purpose and Accomplishments

Activity: Loans purchased upon defaults of student borrowers

	1974	
1973	Authorization	Budget Estimate
$46,640,000	Indefinite	$ 57,883,000

Purpose: The fund was established under the authority of the Higher Education Act of 1965 to enable the Commissioner of Education to make payments on defaults by student borrowers under the Federally Insured Student Loan Program. The liability of the fund was substantially increased by the Higher Education Amendment of 1968 which authorizes the Commissioner to reinsure loans guaranteed by States and non-profit private agencies at 80 percent of default.

Explanation: To make available to the Commissioner, without fiscal year limitation, funds for payments in connection with default of insured and reinsured loans by student borrowers.

Accomplishments in 1973: Further training and progressive experience of collections personnel assigned to the field resulted in significant improvements in recovering on defaulted loans. The level of on-site lender and school program reviews was greatly increased. Improved pre-claims assistance and skip-tracing services were provided to lenders through the central office.

Objectives for 1974: Improved collections, program monitoring and management should assist in reducing the level of defaults. A major effort in providing preclaim assistance to lenders will contribute to the objective of reducing the potential default level.

Guaranteed Loan Program

Gross Loans Insured and Guaranteed

	1971	1972	1973	1974
Amount of Loans:				
Federally insured.	$1,121,849,000	$1,830,013,000	$2,562,161,000	$3,464,161,000
Guarantee agencies	2,210,261,000	2,803,674,000	3,427,356,000	4,196,596,000
Total........	$3,332,110,000	$4,633,687,000	$5,989,517,000	$7,660,757,000
Loan Volume:				
Federally insured.	1,183,561	1,875,435	2,553,435	3,380,435
Guarantee agencies	2,500,956	3,065,381	3,643,390	4,349,390
Total........	3,684,517	4,940,816	6,196,825	7,729,825
Average Loan........	$965	$1,036	$1,079	$1,090

Data on Defaults
(Dollars in Thousands)

	Federally Insured		Guaranteed-Reinsured		Total	
	No.	Amount	No.	Amount	No.	Amount
Fiscal years 1968-1970	2,504	$ 2,082	3,882	$ 3,107	6,386	$ 5,189
Fiscal year 1971......	8,854	8,042	9,324	7,916	18,178	15,958
Fiscal year 1972......	20,211	18,554	14,164	12,153	34,375	30,707
Fiscal year 1973 est..	38,726	35,706	22,069	19,156	60,795	54,862
Fiscal year 1974 est..	52,152	48,916	26,175	22,982	78,327	71,898
Total............	122,447	113,300	75,614	65,314	198,061	178,614
Fiscal years 1968-1970	---	$ 831	---	$ 800	---	$ 812
Fiscal year 1971......	---	908	---	848	---	877
Fiscal year 1972......	---	918	---	858	---	893
Fiscal year 1973 est..	---	922	---	868	---	902
Fiscal year 1974 est..	---	938	---	878	---	917

THURSDAY, MARCH 15, 1973.

HIGHER EDUCATION FACILITIES LOAN AND INSURANCE FUND

PAYMENT OF PARTICIPATION SALES INSUFFICIENCIES

WITNESSES

PETER P. MUIRHEAD, ACTING DEPUTY COMMISSIONER FOR HIGHER EDUCATION

DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION/DESIGNATE

S. W. HERRELL, ACTING ASSOCIATE COMMISSIONER, BUREAU OF HIGHER EDUCATION

WILLIAM J. BAREFOOT, JR., EXECUTIVE OFFICER, OFFICE OF DEPUTY COMMISSIONER FOR HIGHER EDUCATION

JOE C. KEEN, BUDGET OFFICER

OSCAR P. SHIELDS, BUDGET ANALYST

CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

Higher Education Facilities Loan and Insurance Fund

Object Classification (in thousands of dollars)

	Identification code 09-40-4312-0-3-602	1972 actual	1973 est.	1974 est.
23.0	Rent, communications, and utilities	....	13	15
25.0	Other services	7	6	6
33.0	Investments and loans	15,279	12,000	10,000
43.0	Interest and dividends	28,923	28,854	29,276
	Total costs, funded	44,209	40,873	39,297
94.0	Change in selected resources	−4,207	−2,002	−8,057
99.0	Total obligations	40,002	38,871	31,240

Program and Financing (in thousands of dollars)

	Identification code 09-40-4312-0-[illegible]	1972 actual	1973 est.	1974 est.
	Program by activities:			
	Operating costs, funded:			
	1. Interest expense on participation certificates	11,028	10,698	10,476
	2. Interest expenses to Treasury	17,895	18,156	18,800
	3. Facilities management expenses	....	13	15
	4. Administrative expenses	7	6	6
	Total operating costs, funded	28,930	28,873	29,297
	Change in selected resources [1]	−2	−2	−2
	Total operating costs	28,928	28,871	29,295
	Capital outlay, funded:			
	Construction loans to higher education institutions	15,279	12,000	10,000
	Change in selected resources [1]	−4,579	−2,500	−8,555
	Adjustments in selected resources (loan obligations)	374	500	500
	Total capital outlay, obligations	11,074	10,000	1,945
10	Total obligations	40,002	38,871	31,240
	Financing:			
	Receipts and reimbursements from:			
11	Federal funds: Investment income from participation sales funds	−298	−339	−512
14	Non-Federal sources (20 U.S.C. 1132c-3):			
	Loans repaid	−7,073	−8,000	−8,600
	Interest	−14,982	−15,027	−15,060
17	Recovery of prior year obligations	−374	−500	−500
21	Unobligated balance available, start of year	−144,094	−126,633	−110,956
22	Unobligated balance transferred from Participation sales fund	−6,325	−2,180	....
23	Unobligated balance transferred to Participation sales fund	4,878	5,220	5,959
24	Unobligated balance available, end of year	126,633	110,956	102,926
31	Redemption of agency debt (retirement of participation certificates)	6,325	2,180	....
	Budget authority	**4,602**	**4,548**	**4,497**
	Budget authority:			
	Current:			
42	Transferred from other accounts	2,961	2,921	2,948
43	**Appropriation** (adjusted)	**2,961**	**2,921**	**2,948**
	Permanent:			
60	**Appropriation** (indefinite)	**1,731**	**1,627**	**1,549**
	Relation of obligations to outlays:			
71	Obligations incurred, net	17,275	15,005	6,568
72	Obligated balance, start of year	30,536	23,342	23,986
74	Obligated balance, end of year	−23,342	−23,986	−14,978
90	Outlays	24,469	14,361	15,576

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[1] Balances of selected resources are identified on the statement of financial condition.

Revenue and Expense (in thousands of dollars)

	1972 actual	1973 est.	1974 est.
Construction loans to higher education institutions:			
Revenue	15,280	15,366	15,572
Expense	−28,930	−28,873	−29,297
Net loss for the year	−13,650	−13,507	−13,725

Financial Condition (in thousands of dollars)

	1971 actual	1972 actual	1973 est.	1974 est.
Assets:				
Drawing account with Treasury	174,629	149,975	134,942	117,904
Accounts receivable, net	3,887	5,983	4,000	4,060
Interest collections held by or for trustee	1,337	1,595	1,310	1,250
Interest collections in escrow for trustee	−289	−179	−494	−480
Selected assets:[1] Deferred charges: Discounts on participation certificates	33	31	29	27
Loans receivable, net:				
Academic facilities construction loans	472,541	480,747	484,120	485,520
Foreclosed academic facilities			627	627
Total assets	652,138	638,152	624,534	608,908
Liabilities:				
Current: Accounts payable and accrued liabilities	3,370	3,220	3,781	3,342
Long-term:				
Participation certificates outstanding—participation sales funds	191,139	184,814	182,634	182,634
Principal collections in escrow for trustee	281	179	459	500
Principal payments to be applied to redemption of participation certificates	−4,494	−2,945	−6,265	−12,265
Net long-term liabilities	186,926	182,048	176,828	170,869
Total liabilities	190,296	185,268	180,609	174,211
Government equity:				
Undisbursed loan obligations[1]	32,100	27,521	25,021	16,466
Unobligated balance	144,094	126,633	110,956	102,926
Total fund balance	176,194	154,154	135,977	119,392
Invested capital and earnings	285,648	298,730	307,948	315,305
Total Government equity	461 342	452,884	443,925	434,697

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[1] The "Change in selected resources" entries on the program and financing schedule relate to these items.

Analysis of Change in Government Equity (in thousands of dollars)

	1971 actual	1972 actual	1973 est.	1974 est.
Interest-bearing capital:				
Start of year	464,217	461,897	452,895	443,968
Loans and advances outstanding transferred from higher education facilities construction	8,661			
Capital transferred to retained earnings for operating costs	−10,981	−9,002	−8,927	−9,271
End of year	461,897	452,895	443,968	434,697
Retained earnings:				
Start of year		−55	−11	−43
Net loss for the year		−13,650	−13,507	−13,725
Replenishment of retained earnings for operating costs		9,002	8,927	9,271
Appropriation for participation sales insufficiencies		4,692	4,548	4,497
End of year		−11	−43	
Total Government equity (end of year)		452,884	443,925	434,697

PAYMENT OF PARTICIPATION SALES INSUFFICIENCIES

Program and Financing (in thousands of dollars)

Identification code 09-40-0272-0-1-602	1972 actual	1973 est.	1974 est.
Financing:			
Budget authority			
Budget authority:			
40 Appropriation (current, definite)	2,961	2,921	2,948
41 Transferred to Higher Education Facilities Loan and Insurance Fund	−2,961	−2,921	−2,948
43 **Appropriation (adjusted)**			

Mr. **Flood.** We have one more item with you, Peter, Higher education facilities loan and insurance fund.

Mr. **Muirhead.** Yes.

Mr. **Flood.** You have a statement, I see.

Mr. **Muirhead.** I have a short statement and if I may, I would like to read that for the record.

Mr. **Flood.** Yes.

GENERAL STATEMENT

Mr. **Muirhead.** Mr. Chairman, and members of the committee, I am most happy to appear before you to present our request for an appropriation for the Higher education facilities loan and insurance fund.

The Participation Sales Act of 1966 established a revolving fund for loans made under title III of the Higher Education Facilities Act—now subsumed by title VII, part C, of the Higher Education Act as amended—and authorized sales of such loans to the private credit market, with the proceeds going into the fund to be used for making new loans. Since operations under this program ceased in fiscal year 1970 when the annual interest grant program was implemented, new loans can now be made only to the extent that funds are withdrawn from previously committed but undisbursed loans.

It is anticipated that funds withdrawn from early commitments will support four new loans totaling $1,945,000 in fiscal year 1974.

Since the interest received on the facilities loans is less than the interest we must pay on the participation certificates sold in pri years, appropriations for insufficiencies are needed each year.

In fiscal year 1974, we will need $4,497,000 for this purpose. Of this amount, $1,549,000 is covered by an indefinite permanent appropriation and the remainder, $2,948,000, is being requested now as part of an annual appropriation. This amount is $51,000 below the 1973 level because of an increase in investment income to the fund.

I shall be pleased to answer any questions the committee may have.

NEW LEGISLATIVE AUTHORITY

Mr. Flood. Now the higher education legislation which was enacted last year included new authority to insure loans for academic facilities.

Do you plan to use the authority? If so, how many such loans would be insured in 1974?

Mr. Muirhead. We do not plan to use that authority for new loans in 1974. The amount that we have in the budget for the payment of interest on those loans will be to cover the cost of loans that have been implemented prior to 1974.

NEED FOR APPROPRIATION LANGUAGE

Mr. Flood. Here is something: You know, in 10 years you fellows would not ask for appropriation language, you knew better. You would come up with an armed guard to ask for appropriation language. Somebody would say "We ought to have appropriation language," Somebody else would say "Do not go up and ask those characters for appropriation language; you will get your head knocked off."

Now every week in the 1974 show up you come up with your brothers and your sisters and your cousins and your aunts, now you want appropriation language.

Now you are here and you are asking for it. I do not know how long we can keep this up. This is a new ball game. Now you are asking for new appropriation language, but not for any money. What do you want with the language?

Mr. Miller. I may need to provide that for the record.

The basic law requires the language in order to obligate the funds.

Mr. Flood. I was afraid you would say something like that. Thank you, Dr. Muirhead.

Mr. Muirhead. Thank you, Mr. Chairman. We shall look forward to appearing before you again. We shall look forward to returning and making a presentation on the BOG's program and try to sort of bring the pieces together that we have shared during the back and forth colloquy during my presentation. We very much would appreciate the opportunity to do that.

Mr. Flood. Thank you very much.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Higher Education Facilities Loan and Insurance Fund

Amounts Available for Obligation

	1973 Revised	1974
Appropriation	$ 4,548,000 1/	$ 4,497,000 1/
Receipts and reimbursements from:		
"Federal funds"		
Investment income from participation sales funds	339,000	512,000
"Non-Federal sources"		
Interest income	15,027,000	15,060,000
Loans repaid	8,000,000	8,600,000
Recovery of prior year obligations	500,000	500,000
Unobligated balance transferred from participation sales funds	2,180,000	---
Unobligated balance transferred to participation sales funds	-5,220,000	-5,959,000
Unobligated balance, beginning of year	126,633,487	110,956,487
Unobligated balance, end of year	-110,956,487	-102,926,487
Redemption of agency debt (retirement of participation certificates)	-2,180,000	---
Total, obligations	38,871,000	31,240,000

1/ These sums include indefinite permanent appropriations in the following amounts under "Payment of Participation Sales Insufficiencies" in the Independent Offices Appropriation Act, 1967: 1973 - $1,627,000, and 1974 - $1,549,000. Definite annual appropriations are needed to fund the balances: $2,921,000 in 1973, and $2,948,000 in 1974.

Obligations by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
133	Operating expenses:			
	(a) Interest expense:			
	(1) Interest expense on Participation Certificates...	$ 10,698,000	$ 10,476,000	$ -222,000
	(2) Interest expense to Treasury................	18,156,000	18,800,000	+644,000
	(3) Administrative expenses...	4,000	4,000	---
	(4) Facilities management expenses................	13,000	15,000	+2,000
133	Construction loans...............	10,000,000	1,945,000	-8,055,000
Total obligations......................		38,871,000	31,240,000	-7,631,000

Budget Authority by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
134	Operating costs:			
	(a) Interest expense on Participation Cerfiticates (total Budget Authority by Activity)...............	$ 4,548,000[1]	$ 4,497,000[1]	$ -51,000

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Rent, communications, and utilities.....	$ 13,000	$ 15,000	$ +2,000
Other services.........................	4,000	4,000	---
Investment and loans...................	10,000,000	1,945,000	-8,055,000
Interest and dividends.................	28,854,000	29,276,000	+422,000
Total obligations by object..........	38,871,000	31,240,000	-7,631,000

[1] These sums include indefinite permanent appropriations in the following amounts under "Payment of Participation Sales Insufficiencies" in the Independent Offices Appropriation Act, 1967: 1973 - $1,627,000, and 1974 - $1,549,000. Definite annual appropriations are needed to fund the balances: $2,921,000 in 1973, and $2,948,000 in 1974.

Summary of Changes

1973 Estimated obligations	$38,871,000
1974 Estimated obligations	31,240,000
Net change	-7,631,000

	Base	Change from Base
Increases:		
A. Built-in:		
1. Interest expenses to Treasury	$18,156,000	$ +644,000
2. Facilities management expenses	13,000	+2,000
Total, increases	---	+646,000
Decreases:		
A. Built-in:		
1. Interest expenses on participation certificates	10,698,000	-222,000
B. Program:		
1. Construction loans	10,000,000	-8,055,000
Total, decreases	---	-8,277,000
Total, net change	---	-7,631,000

Summary of Changes

1973 Budget authority	$ 4,548,000
1974 Budget authority	4,497,000
Net change	-51,000

	Base	Change from Base
Decreases:		
A. Built-in:		
1. Interest expense on participation certificates	$ 4,548,000	$ -51,000
Total, net change	---	-51,000

Explanation of Changes

Increases:

A. Built-in:

1. Interest expense to Treasury.--An increase of $644,000 will result in total expenses of $18,800,000 for 1974 compared to $18,156,000 in 1973. Interest expense is based on certifications by the Treasury at the end of each fiscal year and is computed on the cumulative amount of appropriations paid out of loans under this title or available as capital to the fund less the average undisbursed cash balance in the fund during the year.

2. Facilities management expenses.--An increase of $2,000 will bring the total to $15,000 in 1974 compared to $13,000 in 1973. This expense is paid for the maintenance and upkeep of foreclosed academic facilities.

Decreases:

A. Built-in:

1. Payment of participation sales insufficiencies.--A decrease in obligations of $222,000 will result in total obligations of $10,476,000. This amount would be obtained from investment income from the Participation Sales Trust Fund totaling $512,000, interest collections totaling $5,467,000, and appropriated funds totaling $4,497,000. On an appropriation basis, the requested $4,497,000 represents a decrease of $51,000 below the 1973 level of $4,548,000. This decrease is caused primarily by an increase in investment income.

B. Program:

1. Construction loans.--A decrease of $8,055,000 is included in the 1974 lending level. This decrease will support 4 new projects totaling $1,945,000 in 1974 compared to 17 projects totaling $10,000,000 in 1973. Funds are made available from withdrawals of prior year commitments.

Authorizing Legislation

Legislation	1974 Authorized	1974 Appropriation requested
Higher Education Act of 1965, as amended:		
Title VII, Part C - Loans for Construction of Academic Facilities	$150,000,000	$ ---
Participation Sales Act	Indefinite	4,497,000

HIGHER EDUCATION ACT OF 1965

P.L. 92-318

PART C—LOANS FOR CONSTRUCTION OF ACADEMIC FACILITIES

AUTHORIZATION

SEC. 741. (a)(1) The Commissioner shall carry out a program of making and insuring loans, in accordance with the provisions of this part.

(2) The Commissioner is authorized to make loans to institutions of higher education and to higher education building agencies for the construction of academic facilities and to insure loans.

(b) For the purpose of making payments into the fund established under section 744, there are hereby authorized to be appropriated $50,000,000 for the fiscal year ending June 30, 1972, $100,000,000 for the fiscal year ending June 30, 1973, $150,000,000 for the fiscal year ending June 30, 1974, and $200,000,000 for the fiscal year ending June 30, 1975. Sums appropriated pursuant to this subsection for any fiscal year shall be available without fiscal year limitations.

(20 U.S.C. 1132c) Enacted June 23, 1972, P.L. 92-318, sec. 161, 86 Stat. 295.

ELIGIBILITY CONDITIONS, AMOUNTS, AND TERMS OF LOANS

SEC. 742. (a) No loan pursuant to this part shall be made unless the Commissioner finds (1) that not less than 20 per centum of the development cost of the facility will be financed from non-Federal sources, (2) that the applicant is unable to secure the amount of such loan from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this part, (3) that the construction will be undertaken in an economical manner and that it will not be of elaborate or extravagant design or materials, and (4) that, in the case of a project to construct an infirmary or other facility designed to provide primarily for outpatient care of students and institutional personnel, no financial assistance will be provided such project under title IV of the Housing Act of 1950.

(b) A loan pursuant to this part shall be secured in such manner and shall be repaid within such period not exceeding fifty years, as may be determined by the Commissioner; and it shall bear interest at (1) a rate determined by the Commissioner which shall not be less than a per annum rate that is one-quarter of 1 percentage point above the average annual interest rate on all interest-bearing obligations of the United States forming a part of the public debt as computed at the end of the preceding fiscal year, adjusted to the nearest one-eighth of 1 per centum, or (2) the rate of 3 per centum per annum, whichever is the lesser.

GENERAL PROVISION FOR LOAN PROGRAM

Sec. 743. (a) Financial transactions of the Commissioner under this part, except with respect to administrative expenses, shall be final and conclusive on all officers of the Government and shall not be reviewable by any court.

(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this part, the Commissioner may—

(1) prescribe such rules and regulations as may be necessary to carry out the purposes of this part;

(2) sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this part without regard to the amount in controversy, and any action instituted under this subsection by or against the Commissioner shall survive notwithstanding any change in the person occupying the office of the Commissioner or any vacancy in such office; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Commissioner or property under his control, and nothing herein shall be construed to except litigation arising out of activities under this part from the application of sections 507(b) and 517 and 2679 of title 28, United States Code;

(3) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any property in connection with which he has made a loan pursuant to this part; and, in the event of any such acquisition (and notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real property by the United States), complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property; except that (1) such action shall not preclude any other action by him to recover any deficiency in the amounts loaned and (2) any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

(4) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

(5) subject to the specific limitations in this part, consent to the modification, with respect to the rate of interest, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which he is a party or which has been transferred to him pursuant to this section; and

(6) include in any contract or instrument made pursuant to this part such other covenants, conditions, or provisions (including provisions designed to assure against use of the facility, constructed with the aid of a loan under this part, for purposes described in section 782(1)), as he may deem necessary to assure that the purpose of this part will be achieved.

REVOLVING LOAN FUND AND INSURANCE FUND[1]

Sec. 744. (a) There is hereby created within the Treasury a separate fund for higher education academic facilities loans and loan insurance (hereafter in this section called the "fund") which shall be available to the Commissioner without fiscal year limitation as a revolving fund for the purposes of making loans and insuring loans under this part. The total of any loans made from the fund in any fiscal year shall not exceed limitations specified in appropriation acts.

(b)(1) The Commissioner shall transfer to the fund available appropriations provided under section 741(b) to provide capital for the fund. All amounts received by the Commissioner as interest payments or repayments of principal on loans, and any other moneys, property, or assets derived by him from his operations in connection with this part, including any moneys derived directly or indirectly from the sale of assets, or beneficial interests or participations in assets of the fund, shall be deposited in the fund.

(2) All loans, expenses, and payments pursuant to operations of the Commissioner under this part shall be paid from the fund, including (but not limited to) expenses and payments of the Commissioner in connection with sale, under section 302(c) of the Federal National Mortgage Association Charter Act, of participations in obligations acquired under this part. From time to time, and at least at the close of each fiscal year, the Commissioner shall pay from the fund into the Treasury as miscellaneous receipts interest on the cumulative amount of appropriations paid out for loans under this part or available as capital to the fund, less the average undisbursed cash balance in the fund during the year. The rate of such interest shall be determined by the Secretary of the Treasury, taking into consideration the average market yield during the month preceding each fiscal year on outstanding Treasury obligations of maturity comparable to the average maturity of loans made from the fund. Interest payments may be deferred with the approval of the Secretary of the Treasury, but any interest payments so deferred shall themselves bear interest. If at any time the Commissioner determines that moneys in the fund exceed the present and any reasonably prospective future requirements of the fund, such excess may be transferred to the general fund of the Treasury.

ACADEMIC FACILITIES LOAN INSURANCE

SEC. 746. (a)(1) In order to assist nonprofit private institutions of higher education and nonprofit private higher education building agencies to procure loans for the construction of academic facilities, the Commissioner may insure the payment of interest and principal on such loans if such institutions and agencies meet, with respect to such loans, criteria prescribed by or under section 745 for the making of annual interest grants under such section.

(2) No loan insurance under paragraph (1) may apply to so much of the principal amount of any loan as exceeds 90 per centum of the development cost of the academic facility with respect to which such loan was made.

(b)(1) The United States shall be entitled to recover from any institution or agency to which loan insurance has been issued under this section the amount of any payment made pursuant to that insurance, unless the Commissioner for good cause waives its right of recovery. Upon making any such payment, the United States shall be subrogated to all of the rights of the recipient of the payment with respect to which the payment was made.

(2) Any insurance issued by the Commissioner pursuant to subsection (a) shall be incontestable in the hands of the institution or agency on whose behalf such insurance is issued, and as to any agency, organization, or individual who makes or contracts to make a loan to such institution or agency, in reliance thereon, except for fraud or misrepresentation on the part of such institution or agency or on the part of the agency, organization, or individual who makes or contracts to make such loan.

(c) Insurance may be issued by the Commissioner under subsection (a) only if he determines that the terms, conditions, maturity, security (if any), and schedule and amounts of repayments with respect to the loan are sufficient to protect the financial interests of the United States and are otherwise reasonable and in accord with regulations, including a determination that the rate of interest does

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[1] Sec. 161(b)(4) of P.L. 92–318 provides as follows:

(4) The revolving fund created by section 744 of the Higher Education Act of 1965 shall be deemed to be a continuation of the revolving fund created by section 305 of the Higher Education Facilities Act of 1963. Any sums in the fund for higher education academic facilities created by such section 305 on the date of enactment of this Act shall be transferred to the fund created by section 744 of the Higher Education Act of 1965, and all such funds shall be deemed to have been made available for such fund. Notwithstanding any other provision of law, unless enacted in specific limitation of the provisions of this sentence, any sums appropriated pursuant to section 303(c) of the Higher Education Facilities Act of 1963 for any fiscal year ending prior to July 1, 1973, which have not been loaned under title III of that Act of 1963 shall be deemed to have been appropriated pursuant to section 741(b) of the Higher Education Act of 1965 for the fiscal year ending June 30, 1973.

not exceed such per centum per annum on the principal obligation outstanding as the Commissioner determines to be reasonable, taking into account the range of interest rates prevailing in the private market for similar loans and the risks assumed by the United States. The Commissioner may charge a premium for such insurance in an amount reasonably determined by him to be necessary to cover administrative expenses and probable losses under subsections (a) and (b). Such insurance shall be subject to such further terms and conditions as the Commissioner determines to be necessary.

PARTICIPATION SALES ACT OF 1966

P.L. 89-429

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Participation Sales Act of 1966".

SEC. 2. (a) Section 302(c) of the Federal National Mortgage Association Charter Act is amended—

(1) by inserting "(1)" immediately following "(c)";

(2) by inserting after "undertakings and activities" a comma and "hereinafter in this subsection called 'trusts',";

(3) by striking "obligations offered to it by the Housing and Home Finance Agency or its Administrator, or by such Agency's constituent units or agencies or the heads thereof, or any first mortgages in which the United States or any agency or instrumentality thereof" in the first sentence thereof and inserting "mortgages or other types of obligations in which any department or agency of the United States listed in paragraph (2) of this subsection";

(4) by striking out the third sentence thereof and substituting therefor the following: "Participations or other instruments issued by the Association pursuant to this subsection shall to the same extent as securities which are direct obligations of or obligations guaranteed as to principal or interest by the United States be deemed to be exempt securities within the meaning of laws administered by the Securities and Exchange Commission."; and

(5) by striking out the fourth sentence thereof.

(b) Section 302(c) of such Act is further amended by adding the following:

"(2) Subject to the limitations provided in paragraph (4) of this subsection, one or more trusts may be established as provided in this subsection by each of the following departments or agencies:

"(A) The Farmers Home Administration of the Department of Agriculture, but only with respect to operating loans, direct farm ownership loans, direct housing loans, and direct soil and water loans. Such trusts may not be established with respect to loans for housing for the elderly under sections 502 and 515(a) of the Housing Act of 1949, nor with respect to loans for nonfarm recreational development.

"(B) The Office of Education of the Department of Health, Education, and Welfare, but only with respect to loans for construction of academic facilities.

"(C) The Department of Housing and Urban Development, except that such authority may not be used with respect to secondary market operations of the Federal National Mortgage Association.

"(D) The Veterans' Administration.

"(E) The Export-Import Bank.

"(F) The Small Business Administration.

The head of each such department or agency, hereinafter in this subsection called the 'trustor', is authorized to set aside a part or all of any obligations held by him and subject them to a trust or trusts and, incident thereto, shall guarantee to the trustee timely payment thereof. The trust instrument may provide for the issuance and sale of beneficial interests or participations, by the trustee, in such obligations or in the right to receive interest and principal collections therefrom;

and may provide for the substitution or withdrawal of such obligations, or for the substitution of cash for obligations. The trust or trusts shall be exempt from all taxation. The trust instrument may also contain other appropriate provisions in keeping with the purposes of this subsection. The Association shall be named and shall act as trustee of any such trusts and, for the purposes thereof, the title to such obligations shall be deemed to have passed to the Association in trust. The trust instrument shall provide that custody, control, and administration of the obligations shall remain in the trustor subjecting the obligations to the trust, subject to transfer to the trustee in event of default or probable default, as determined by the trustee, in the payment of principal and interest of the beneficial interests or participations. Collections from obligations subject to the trust shall be dealt with as provided in the instrument creating the trust. The trust instrument shall provide that the trustee will promptly pay to the trustor the full net proceeds of any sale of beneficial interests or participations to the extent they are based upon such obligations or collections. Such proceeds shall be dealt with as otherwise provided by law for sales or repayment of such obligations. The effect of both past and future sales of any issue of beneficial interests or participations shall be the same, to the extent of the principal of such issue, as the direct sale with recourse of the obligations subject to the trust. Any trustor creating a trust or trusts hereunder is authorized to purchase, through the facilities of the trustee, outstanding beneficial interests or participations to the extent of the amount of his responsibility to the trustee on beneficial interests or participations outstanding, and to pay his proper share of the costs and expenses incurred by the Federal National Mortgage Association as trustee pursuant to the trust instrument.

"(3) When any trustor guarantees to the trustee the timely payment of obligations he subjects to a trust pursuant to this subsection, and it becomes necessary for such trustor to meet his responsibilities under such guaranty, he is authorized to fulfill such guaranty.

"(4) Beneficial interests or participations shall not be issued for the account of any trustor in an aggregate principal amount greater than is authorized with respect to such trustor in an appropriation Act. Any such authorization shall remain available only for the fiscal year for which it is granted and for the succeeding fiscal year.

"(5) The Association, as trustee, is authorized to issue and sell beneficial interests or participations under this subsection, notwithstanding that there may be an insufficiency in aggregate receipts from obligations subject to the related trust to provide for the payment by the trustee (on a timely basis out of current receipts or otherwise) of all interest or principal on such interests or participations (after provision for all costs and expenses incurred by the trustee, fairly prorated among trustors). There are authorized to be appropriated without fiscal year limitation such sums as may be necessary to enable any trustor to pay the trustee such insufficiency as the trustee may require on account of outstanding beneficial interests or participations authorized to be issued pursuant to paragraph (4) of this subsection. Such trustor shall make timely payments to the trustee from such appropriations, subject to and in accord with the trust instrument."

Higher Education Facilities Loan and Insurance Fund

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1965 NOA	$169,250,000	$169,250,000	$169,250,000	$169,250,000
1966 NOA	119,050,000	119,050,000	110,000,000	110,000,000
1967 NOA	200,000,000	200,000,000	200,000,000	200,000,000
Sales	100,000,000	100,000,000	100,000,000	100,000,000
1968 NOA 1/	925,000	925,000	---	925,000
Sales	100,000,000	100,000,000	---	100,000,000
1969 NOA 1/	103,275,000	103,275,000	103,275,000	103,275,000
Sales	---	---	---	---
1970 NOA 1/	2,918,000	2,918,000	2,918,000	2,918,000
1971 NOA 1/	2,952,000	2,952,000	2,952,000	2,952,000
1972 NOA 1/	2,961,000	2,961,000	2,961,000	2,961,000
1973 1/	2,921,000			
1974 1/	2,948,000			

1/ Excludes a permanent indefinite appropriation under "Payment of Participation Sales Insufficiencies" in the Independent Offices Appropriation Act, 1967.

NOTE: The amounts for 1965, 1966, and 1967 include the construction loan program which was previously carried under "Higher Education Facilities Construction."

Higher Education Facilities Loan and Insurance Fund

	1973 Estimate	1974 Estimate	Increase or Decrease
Adjusted Appropriation:			
Operating costs:			
Interest expense on participation certificates........................	$ 4,548,000[1]	$ 4,497,000	$ -51,000
Total adjusted appropriation............	4,548,000	4,497,000	-51,000
Obligations:			
Operating costs:			
1. Interest expense to Treasury.......	18,156,000	18,800,000	+644,000
2. Interest expense on participation certificates....................	10,698,000	10,476,000	-222,000
3. Administrative expenses............	4,000	4,000	---
4. Academic facilities management expenses.........................	13,000	15,000	+2,000
Capital outlay:			
1. Construction loans................	10,000,000	1,945,000	-8,055,000
Total obligations.......................	38,871,000	31,240,000	-7,631,000

[1] These sums include indefinite permanent appropriations in the following amounts under "Payment of Participation Sales Insufficiencies" in the Independent Offices Appropriation Act, 1967: 1973 - $1,627,000, and 1974 - $1,549,000. Definite annual appropriations are needed to fund the balances: $2,921,000 in 1973, and $2,948,000 in 1974.

Justification

Higher Education Facilities Loan Fund

General Statement

Construction Loans:

Title VII of the Higher education Act of 1965, as amended, authorizes loans for construction of academic facilities in higher education institutions. Such loans may be made for up to 80 percent of a project's total development cost and must be repaid within 50 years. The Participation Sales Act, Public Law 89-429, approved on May 24, 1966, established a revolving fund for these loans, and provides that appropriations made available for Title VII may be deposited into the fund. Participations in pools of such loans are sold by the Federal National Mortgage Association, the proceeds of which are deposited into the Fund to be used for new loans to colleges and universities.

Loans under this program have been displaced by the new annual interest grant program under the higher education appropriation. However, new loans may be made from the fund to the extent that such amounts are made available from withdrawals of earlier commitments. These amounts are used to fund those small institutions of higher education which are unable to obtain private loans necessary to participate in the annual interest grant program.

It is anticipated that withdrawals of earlier commitments will support 17 new projects totaling $10,000,000 in 1973, and 4 new projects totaling $1,945,000 in 1974.

Operating Costs:

The Participation Sales Act specifically authorizes the sale of participations in pools of loans in cases where the total receipts from the loans in the pool, after covering the costs of servicing the loans and administering the participation pool, may be insufficient to provide for timely payment of interest and principal on the participation. Appropriations to pay such insufficiencies are authorized.

In cases where the aggregate receipts may be insufficient to cover the payments as they become due, participations are salable on favorable terms only if buyers are assured that funds will be supplied to cover the insufficiency. The actual amount of the insufficiency is determined primarily by the difference between the interest rate required to sell the participations to the private credit market, and the interest rates paid by higher education institutions on their loans; and this cannot be estimated in advance of the sale. Therefore, Section 302(c)(5) of the Federal National Mortgage Association Charter Act as amended by the Participation Sales Act authorizes an indefinite appropriation of such sums as may be necessary and without fiscal year limitation to assure the successful sale of participations. Although the authorization is indefinite, it is effectively limited, since it can be used only in connection with participation sales in amounts specified by the accompanying authorization for sales. It is also permanent because it authorizes amounts necessary for meeting insufficiencies in any fiscal year in which participation sales provided for in accompanying authorizations are still outstanding.

In fiscal year 1967, a permanent indefinite appropriation was included under "Payment of Participation Sales Insufficiencies" in the Independent Offices Appropriation Act. This appropriation is limited to insufficiency payments for the $100,000,000 in participations which were sold in fiscal year 1967. Funds used against this appropriation on a full year basis, consisted of $1,731,000 in 1972 and $1,627,000 in 1973. It is anticipated that funds used in 1974 will decrease to $1,549,000. This decrease is primarily because of the retirement of participation certificates which will reduce the appropriation requirements for insufficiencies.

For the $100,000,000 in sales authorized in fiscal year 1968, annual definite appropriations of $2,961,000 for 1972 and $2,921,000 for 1973 were included in the Office of Education Appropriation Acts. These amounts are available for insufficiency payments in 1972 and 1973 only. Therefore, the budget request includes an estimate of $2,948,000 for 1974 payments against these sales authorized in 1968.

Total insufficiency payments in 1974 are estimated at $10,476,000. This amount will be derived from about $5,467,000 in interest collections on loans held by colleges and universities, $512,000 in investment income, and $4,497,000 from appropriations including $1,549,000 under the 1967 Appropriation Act. The decrease in appropriation requirements is primarily because of an increase in investment income.

For other operating costs, an amount of $18,800,000 is estimated for interest expense to the Treasury on loans paid out of appropriated funds or capital available from appropriated funds less the average undisbursed cash balance in the fund during the year. An additional $15,000 will be used to pay facilities management expenses on foreclosed academic facilities.

OFFICE OF EDUCATION

Higher Education Facilities Loan and Insurance Fund

Program Purpose and Accomplishments

Activity: Operation costs including payment of participation sales insufficiencies and interest expense to the Treasury

1973	1974	
	Authorization	Budget Estimate
$ 4,548,000	Indefinite	$ 4,497,000

Purpose: To make loans to higher education institutions for construction of academic facilities. This function has now been replaced by the annual interest grant program under Higher Education. In its initial stage, the Fund sold participation certificates to the private credit market of which the proceeds were used to make new loans to higher education institutions. Since the interest received by the Commissioner on the loans is less than the interest paid by the Commissioner on the participation certificates, appropriations for insufficiencies are needed each year.

Explanation: Although loans under this program are now provided by the annual interest grant program, appropriations are made available for the operation of the Fund primarily for the payment of participation sales insifficiencies. Interest expense is payable to the Treasury on the net amount of appropriations used for construction loans.

Accomplishments in 1973: Appropriation for insufficiencies decreased from $4,692,000 in 1972 to $4,548,000 in 1973. Interest expenses to the Treasury increased from $17,895,000 in 1972 to $18,156,000 in 1973.

Objectives for 1974: Appropriation for insufficiencies are expected to decrease from $4,548,000 in 1973 to $4,497,000 in 1974. Estimated interest expense to the Treasury will increase to $18,800,000 in 1974, compared to $18,156,000 in 1973.

THURSDAY, MARCH 15, 1973.

EDUCATIONAL DEVELOPMENT

WITNESSES

DR. WILLIAM L. SMITH, ACTING DEPUTY COMMISSIONER FOR DEVELOPMENT
DR. JOHN R. OTTINA, ACTING COMMISSIONER OF EDUCATION
DR. JOHN W. EVANS, ACTING DEPUTY COMMISSIONER FOR PLANNING, EVALUATION, AND MANAGEMENT
DR. JOHN LINDIA, ACTING ASSOCIATE COMMISSIONER, NATIONAL CENTER FOR IMPROVING EDUCATIONAL SYSTEMS
DR. LAWRENCE GRAYSON, ACTING ASSOCIATE COMMISSIONER, NATIONAL CENTER FOR EDUCATIONAL TECHNOLOGY
MRS. DOROTHY M. GILFORD, ASSISTANT COMMISSIONER, NATIONAL CENTER FOR EDUCATIONAL STATISTICS
DR. LOUISE R. WHITE, DIRECTOR, TEACHER CORPS
DR. RUTH L. HOLLOWAY, DIRECTOR, RIGHT TO READ
DR. HELEN H. NOWLIS, DIRECTOR, DRUG ABUSE EDUCATION/NUTRITION AND HEALTH OFFICE
WALTER BOGAN, DIRECTOR, OFFICE OF ENVIRONMENTAL EDUCATION
GERALD ELBERS, ACTING PLANNING DIRECTOR, OFFICE OF DEPUTY COMMISSIONER FOR DEVELOPMENT
EDWIN M. SULLIVAN, EXECUTIVE OFFICER, OFFICE OF DEPUTY COMMISSIONER FOR DEVELOPMENT
JOE G. KEEN, BUDGET OFFICER
BARRY J. ZAMBRYCKI, BUDGET ANALYST
CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

Object Classification (in thousands of dollars)

Identification code 09-40-0292-0-1-605		1972 actual	1973 est.	1974 est.
	Personnel compensation:			
11.1	Permanent positions	514		
11.3	Positions other than permanent	5	241	
	Total personnel compensation	519	241	
12.1	Personnel benefits: Civilian	41	16	
21.0	Travel and transportation of persons	203	205	
23.0	Rent, communications, and utilities	33		
24.0	Printing and reproduction	303	359	1,510
25.0	Other services	61,538	34,982	6,858
26.0	Supplies and materials	3		
31.0	Equipment	33		
41.0	Grants, subsidies, and contributions	186,174	289,672	112,007
99.0	Total obligations	248,847	325,475	120,375

Personnel Summary

	1972 actual	1973 est.	1974 est.
Total number of permanent positions	33		
Full-time equivalent of other positions		9	
Average paid employment	33	9	
Employees in permanent positions, end of year	33		
Employees in other positions, end of year		9	
Average GS grade	10.0		
Average GS salary	$16,467		

Program and Financing (in thousands of dollars)

Identification code 09-40-0292-0-1-605		1972 actual	1973 est.	1974 est.
	Program by activities:			
	1. Education professions development:			
	(a) Teacher Corps	37,398	37,500	37,500
	(b) State grants	6,991		
	(c) Elementary and secondary development:			
	(1) Urban-rural	8,822	12,135	11,022
	(2) Career opportunities	27,412	23,722	22,853
	(3) Categorical programs	43,892	13,841	
	(4) Exceptional children		4,112	
	(5) Media	300		
	(6) Technology	1,593		
	(d) Vocational education	6,775	6,900	
	(e) New careers in education	300	500	
	(f) Higher education		8,000	2,100
	2. National priority programs:			
	(a) Educational technology demonstrations	7,000	30,000	13,000
	(b) Drug abuse education	13,022	12,400	3,000
	(c) Right to read	1,746	12,000	12,000
	(d) Environmental education	3,519	3,180	
	(e) Nutrition and health	2,000	2,500	
	(f) Dropout prevention		10,000	4,000
	3. Data systems improvement:			
	(a) Educational statistics [1]	4,197	7,900	7,900
	(b) National achievement study	6,000	7,000	7,000
	4. Bilingual education		41,130	
	5. Adult education		10,000	
	6. Follow through		57,700	
	7. Career education, model installation		14,000	
	8. Research and development	77,880	10,955	
10	Total obligations	248,847	325,475	120,375
	Financing:			
21	Unobligated balance available, start of year	−141		
23	Unobligated balance transferred to other accounts	32		
25	Unobligated balance lapsing	620		
	Budget authority	**249,358**	**325,475**	**120,375**
	Budget authority:			
40	Appropriation	249,358	354,365	120,375
	1973 consisting of:			
	Pending		(273,200)	
	Enacted		(81,165)	
40	Enacted appropriation proposed for rescission [2]		−11,890	
41	Transferred to other accounts		−17,000	
43	**Appropriation (adjusted)**	**249,358**	**325,475**	**120,375**
	Relation of obligations to outlays:			
71	Obligations incurred, net	248,847	325,475	120,375
72	Obligated balance, start of year	216,544	255,061	333,490
74	Obligated balance, end of year	−255,061	−333,490	−157,943
77	Adjustments in expired accounts	−6,271		
90	Outlays	204,059	247,046	295,922

[1] Includes Manpower data collection.

[2] Proposed appropriation language and a narrative statement describing the purpose of this proposed rescission are included in Part III of this volume.

Note.—Excludes $131,555 thousand in 1974 for activities transferred to:

	1974
Occupational, vocational, and adult education	$24,000,000
Office of Education, Salaries and expenses	11,055,000
National Institute of Education	20,500,000
Elementary and secondary education	76,000,000

Comparable amounts for 1972 ($16,110 thousand) and 1973 ($140,985 thousand) are included above.

Mr. Flood. Now, still with the Office of Education, we are talking about educational development.

We have before us Dr. John R. Ottina, the Acting Commissioner of Education.

Dr. Ottina. Mr. Chairman, I would appreciate the opportunity to read and enter into the record a statement on behalf of Dr. William Smith, who will be joining us shortly, if I may proceed.

Mr. Flood. Yes. In fairness to Dr. Smith, of course, we would like the record to show that we went with unusual speed through two prior technical presentations, and I am sure Dr. Smith will be here any minute.

Dr. Ottina. He will be here very shortly.

GENERAL STATEMENT

Mr. Chairman and members of the committee, I would like to report to you on the fiscal year 1974 budget request for the three major areas included in the educational development category: First, programs funded under the Education Professions Development Act; second, national priority programs; and, third, programs directed at the improvement of educational data systems.

The budget request in all of these categorical program areas reflects the administration's overall emphasis on special revenue sharing, decentralization, and the sharing of power and authority among the different levels of government. The decision to support activities and tasks formerly included in the development category, particularly in the training area, will be left to the discretion of State and local officials under their special education revenue sharing funds. Also, increases in general student assistance under the higher education appropriations will continue to allow persons to train for specific shortage areas in the education professions, and will give existing educational personnel in surplus categories the option to retrain for careers in these shortage areas. A number of tasks, however, have been identified as ones that can most appropriately be pursued on the Federal level. I would like to speak briefly about each of these.

Under the Education Professions Development Act authority, we are asking for funds for four programs—the Teacher Corps, the career opportunities program, the urban rural program, and higher education personnel training programs at less than the doctoral level.

TEACHER CORPS

The budget request for the Teacher Corps is $37.5 million, the same as in fiscal years 1972 and 1973. This program supports improved methods of preparing teachers. In a Teacher Corps project, a team of bright, creative interns and experienced teachers work together in schools in low-income and disadvantaged areas. Teacher Corps has been successful in attracting the kind of intelligent, enthusiastic teacher who infuses new energy into the educational process in these schools, and in bringing experienced teachers into contact with new directions in education. The program encourages teacher preparation through team teaching, more individualized instruction, and an emphasis on increasing the classroom competencies of both experienced and new teachers.

The result has been significant changes in the roles teachers play in the classroom. The Teacher Corps emphasizes the enhancement of the quality of classroom instruction through the improvement of teacher education. An increasing amount of funding is being directed at improving the skills of experienced teachers in the projects as they work in teams with the interns. With fiscal year 1974 money we will continue about 43 projects and begin about 45 new projects.

CAREER OPPORTUNITIES PROGRAM

The request of $22.9 million for the career opportunities program will continue existing projects which are training more than 7,000 paraprofessionals for jobs in low-income schools. Most of these trainees come from low-income and disadvantaged backgrounds. Fifteen percent are Vietnam-era veterans. Many come from the communities where they train and where they will ultimately be employed. COP has entered these teacher aides on a career lattice which can eventually lead to full professional certification. The program demonstrates how community residents can help teachers and administrators improve education services by relating more effectively and sensitively to the needs of low-income children. COP also demonstrates how new and more effective training and utilization of school personnel can deliver performance-based learning.

URBAN/RURAL PROGRAM

The Urban/Rural program also focuses on improving educational services to students from low-income families, but it differs from the COP program by concentrating its resources on the entire staff of a single school or schools, either in rural or urban areas. Each site provides for the development of teacher training modules based on demonstrated knowledge and performance competencies, and materials designed to teach specific concepts of learning and teaching behavior. The request of $11 million for fiscal year 1974 will provide for the continuation of the 41 existing operational projects and two developmental assistance projects. About 6,500 school staff and community members will participate. This will be the third operational year in a projected 5-year program.

HIGHER EDUCATION PERSONNEL

A total of $2.1 million is requested for training programs for higher education personnel in areas of identified requirements. These programs are for training at less than the Ph. D. level and are concentrated in three areas of need: preparation of Spanish-speaking Americans, Blacks, and American Indians as administrators in 2-year colleges; training of officers for student financial aid programs; and preparation of women for important decisionmaking positions in higher education. Ninety-two fellowships will be continued at a cost of $600,000 and 230 new fellowships will total $1.5 million. No funds are requested to support institutes and short-term training programs.

NATIONAL PRIORITY PROGRAM

The second major area—national priority programs—includes educational technology activities, drug abuse education, right to read, and drop-out prevention.

EDUCATIONAL BROADCASTING FACILITIES

An amount of $10 million is being requested for educational broadcasting facilities. This program enables States and local communities to serve the educational, cultural, and informational needs of their citizens through the purchase of broadcast facilities. The budget request will provide matching grants for activation of 12 new noncommercial radio stations, grants for improving or expanding the broadcast of 10 noncommercial radio stations, and grants to activate 10 television stations serving metropolitan areas of at least 250,000 and to improve and expand the broadcast-related facilities of 20 existing television stations. The program aims at helping complete a basic, minimum public broadcasting system for the Nation. Present levels of appropriation will enable the Federal Government to meet that objective by fiscal year 1976, when responsibility for support of educational television and radio facilities can be transferred to the States and localities.

SESAME STREET AND THE ELECTRIC CO.

For fiscal year 1974, $3 million is requested to provide continued support to the Children's Television Workshop for development activities related to the production of Sesame Street and The Electric Co. The latter project, an instructional service designed to increase the reading ability of children aged 7 to 10 years, would receive about $2 million. The other $1 million will go to support Sesame Street, which now reaches almost 12 million preschool children. It is designed to teach them basic reading and arithmetic skills and to expose them to experiences not normally part of their environment. Since new revenues are expected to become available to the Children's Television Workshop, Federal support is being reduced for both of these projects.

DRUG ABUSE EDUCATION

For Drug Abuse Education, we are requesting $3 million under the authorization of section 410, of the Drug Abuse Office and Treatment Act of 1972. This broad authority will absorb those activities authorized by the Drug Abuse Education Act of 1970, which is expiring at the end of this fiscal year. The current program is designed to train leadership in the communities so they can cope with their drug problems and to validate and disseminate information about successful programs and techniques. The program thrust thus far has been to work with schools and the communities which support them in a problem-solving process which helps them develop effective preventive programs geared to special needs of their communities. The goal has been to generate models which can be validated and disseminated to other communities with similar demographic and socioeconomic characteristics.

The fiscal year 1974 request will support a major effort to provide preservice and inservice training for teachers. The reduction of 9.4 million dollars from the fiscal year 1973 estimate results from the assignment of community-oriented activities to the National Institute of Mental Health and the redirection of programs to concentrate on pilot demonstration projects, to validate model drug abuse prevention programs and to dissemenate these programs to communities with similar drug problems.

RIGHT TO READ

The right to read program is designed to assure functional literacy for 99 percent of the 16-year-olds and 90 percent of people over 16 in this country. It attempts to do this through the funding of school- and community-based programs of effective and efficient reading programs, through the provision of technical assistance and training for administrators of these programs, and through validating effective reading programs and disseminating products. For fiscal year 1974, 12 million dollars is requested, the same amount as the previous year. The funds will be used to support 31 State Education Agency projects, which will utilize the right to read process and materials, to continue projects begun in fiscal years 1972 and 1973, and to initiate selected activities. An estimated 1 million students, 500,000 teachers and 200,000 adults will be helped through these efforts. Particular emphasis is being given to the coordination of reading activities in nine bureaus within the Office of Education and to the support of programs developed by State Education Agencies.

DROPOUT PREVENTION

For fiscal year 1974, $4 million has been requested for the dropout prevention program, which supports the development of demonstration models in selected public elementary and secondary schools where an excessive number of young people from poor families drop out of school. Plans call for support of nine dropout prevention projects into their fourth operational year. Since the program has met its objective of demonstrating ways to reduce school dropouts, no new projects will be supported.

SURVEYS AND STATISTICAL STUDIES

A budget of $14.9 million is requested for the support of Office of Education data gathering and analysis activitites in the National Center for Educational Statistics. On-going surveys and statistical studies, requested at $7.4 million, will provide current data in a readily usable form to serve Federal, State, and local agencies in their planning, administration, and development of policy. Key data which are important to the educational community and the general public will be published in more than 50 regular public reports. The increase of $3,150,000 includes $1,470,000 for data collection and analysis activities in elementary and secondary program information surveys, formerly funded in other Office of Education appropriations. A comparable increase would be $1,680,000. In fiscal year 1974 the surveys will be redesigned to emphasize needed financial data elements, and to permit cross analysis. Other high priority activities include: Matching and merging Census and OE data, which will for the first time give States relevant information for educational finance studies and decisions, and for State planning for special education revenue sharing; the first followup of the National Longitudinal Study of the High School Class of 1972; a first-time survey of noncollegiate postsecondary schools to support new information needs under the education amendments of 1972; and early availability to decisionmakers of selected educational statistics—a service urgently requested by many users.

COMMON CORE OF DATA

The Common Core of Data (CCD) is a major new initiative to replace the current uneven and largely inadequate provision of educational data in the 50 States, six outlying areas, and the District of Columbia with an integrated and interlocking system which will meet Federal, State, local, and institutional needs for planning and management. In fiscal year 1974, $500,000 is requested for planning CCD through contracts with State agencies and other organizations. The Federal Government will stimulate development of integrated information systems. The framework for State data collection, comparability among States, and analysis and reference service to be developed under CCD will contribute to State management of resources under special education revenue sharing.

NATIONAL ACHIEVEMENT STUDY

The National Achievement Study request is $7 million. Information is being collected and analyzed about the educational attainment of young Americans. Each year, through a grant to the Education Commission of the States, approximately 90,000 persons—ages 9, 13, 17, and young adults from 26 to 35—are assessed in two subject areas. The goal is to determine what Americans know, can do, and understand in each of 10 fields, and to measure change in educational attainment over a 5-year period. This request represents an increase of $1 million, to be used for new dissemination and reporting activities to make assessment results of practical use to States and school systems, and to develop the design, analysis and reporting formats for use in measuring change between the first and second science assessments.

DISCONTINUED PROGRAMS

We are not requesting funds for certain general teacher education programs because of the general surplus of educational personnel at the elementary and secondary level; increasing reliance on the operation of supply and demand in the private sector to attract persons into teacher shortage areas; and increasing reliance on general student assistance as a means of allowing persons to enter their chosen professional field. We are also not requesting funds for environmental education and nutrition and health demonstrations. The Federal role in these activities was to alert school systems to the need for including environmental projects in their curricula and also to call attention to the relationship of nutrition and health to educational success in low-income areas. These purposes have generally been accomplished.

Local jurisdictions, in accordance with their priorities, will be able to replicate existing models with broader purpose educational authorities such as special education revenue sharing.

SUMMARY

The total request for all of the above activities is $120,375,000. This is $53,515,000 less than the fiscal year 1973 estimated appropriation of $173,890,000. Of this decrease, about $33 million is in the area of teacher education, and the remainder is in special thrust programs which have generally achieved their purpose and are being phased out.

I will be happy to respond to any questions you may have.

INTRODUCTION OF WITNESSES

I would now, Mr. Chairman, like to introduce to you and the committee the staff members that represent this area.

First of all, to my left is Dr. William Smith, the Acting Deputy for Development. Behind us Dr. Ruth Holloway, Director of the Right to Read Project; sitting here, Mrs. Dorothy Gilford, Director of the National Center for Educational Statistics; seated, Dr. Helen Nowlis, Director of the Drug Abuse Program; sitting in the rear, Walter Bogan, Director of the Environmental Educational Project; sitting to his left, Dr. Larry Grayson, Acting Director——

Mr. FLOOD. Bogan is Director of the Environmental Education Program?

Dr. OTTINA. Yes.

Mr. FLOOD. Proceed.

Dr. OTTINA. Seated to his left, Dr. Larry Grayson, the Acting Director of the National Center for Educational Technology; seated to his left, Dr. John Lindia, Acting Director for the National Center for Improvement of Educational Systems.

Thank you, Mr. Chairman. We would be pleased to answer any questions you may have.

Mr. FLOOD. That is a cast of the size of Aida, is it not?

Now, Dr. Ottina, Dr. Smith could not have read that any better himself. That is pretty high praise.

Dr. OTTINA. The right to read program does work.

REQUEST FOR SPECIAL APPROPRIATION LANGUAGE

Mr. FLOOD. Now here we go again. You were not here a few minutes ago when we were talking about requests coming up from downtown for appropriation language. We are beginning to wonder who is writing these things any more. You know in the early days of the English common law, people would say, well, why are these leases or contracts so long? They would be about four pages long, blah, blah, blah, Latin, all this kind of thing.

The reason was that the fellows that wrote those things, seriveners, were paid by the word. So instead of one paragraph, you would get four pages.

In the best Blackstonian tradition, this year especially we are noticing all these requests for special language from downtown.

Now, here again you propose new appropriation language, you want language that reads this way: "without regard to section 501(b) of such act." Now that kind of language you can very well imagine causes some concern to us, "without regard."

Now, I will tell you, suppose we just drop this thing from the bill, just cut it out, what would happen? Would you break down and cry? Would the dome of the Capitol fall in, or what?

Dr. **Smith.** I am sorry that I was not here to hear the discussion. I would like to defer, if I might.

Mr. **Flood.** There was not any discussion. There was just a polemic.

Mr. Miller. There had better be a discussion now.

Mr. **Flood.** You said it.

Mr. **Miller.** You bet.

Dr. **Ottina.** Our request for that change in language, Mr. Chairman, if it were not included——

Mr. **Flood.** Change in language?

SET-ASIDE REQUIRED BY EXISTING LEGISLATION

Dr. **Ottina.** For that change in the appropriations, if it were not included it would mean that whatever funds were appropriated under the particular act would be governed by the percent set-asides in the various categories, which would mean, for example, that $500,000 would be for section 504; 25 percent of what would be appropriated, or $37.5 million, whichever is greater, for subpart 1 of part (b).

Mr. **Flood.** Then you did not think this up. This is Miller; is it?

Dr. **Ottina.** Continuing, there are other percentage set-asides, 5 percent for part (c), 5 percent for part (d), 5 percent for part (e), 10 percent for part (f), and so forth.

So that the result would be that whatever amount would be appropriated here would be divided amongst many categories that would have to be used for those purposes rather than the purposes that we are seeking at this time, Mr. Chairman.

Mr. **Flood.** Well, this is the dusting off of this moth-eaten phrase that is being trotted back and forth around the Hill these last few months. You are afraid unless you get this language you would not be able to realine the priorities according to your wishes; is that right?

Mr. **Miller.** That is right.

Mr. **Flood.** The realinement of priorities again.

Dr. **Ottina.** We believe we would not be able to use the funds we were seeking in the areas which we believe are the most critical and have the highest priority and would seek this language change.

Mr. **Flood.** That is exactly what I mean. Regardless of what the law says, you want language which will give you the right to amend the law or repeal it, as the case may be, and to substitute your realinement of priorities, and there we are again.

BUDGET REQUEST BASED ON EXCEPTION TO SET-ASIDES

Mr. **Miller.** This is not quite the same as the issue we have been over before. I think the issue is a slightly different one, and I think this issue is one with which the committee has dealt on a number of occasions. It has to do with the consideration of an appropriation amount.

We are asking you for a certain amount of money and we say we want to distribute it as follows, and we can only do it that way if you give us that language. Of course, the whole budget proposal in this appropriation is dependent on that language.

Mr. Flood. I understand what you mean. What we are concerned about now is something more fundamental and basic than just this question and answer. This is another facet of the whole collision course that the executive and legislative branches are on. Here you are, here is the money—you are saying to us just give us the money and for heaven's sake, adjourn and go home. Don't hang around here too long. Years ago we would be out of here in May and June and spend the summer in the mountains. Now we hang around here until October, November and December. Anyhow, the point is that we are concerned about this section, that you are going to take this round fat chunk of money and just do with it whatever you want to do. That is about it.

Dr. Ottina. Mr. Chairman, I think perhaps that is overstated.

Mr. Flood. Perhaps—are you going to gild the lily?

REQUEST TARGETED TO SPECIFIC PRIORITIES

Dr. Ottina. We are seeking funds under the precise authorities that sections of this law deal with. We are intending, and wish very much, to use it for those purposes. The problem we find in dealing with this particular law is that it has a very broad set of activities, some of which are of very high priority; Teacher Corps, for example. But all of which are not of equal priority. Therefore, we find ourselves against the most difficult situation of coming to you and asking for permission to be able to fund those that we think are high priority without having to dissipate the resources that we have against the other areas.

Mr. Miller. Could I gild the lily one more time and then I will stop.

The whole budget is made up of requests to you to deal with program issues. You can deal with something like regional medical programs simply on the basis of whether you do or do not fund. Essentially this is the same thing. It just so happens you can only deal with these particular issues if you deal with the language. It is a happenstance of the appropriation.

Mr. Flood. Since you are requesting this sum of money, and since, Dr. Ottina, you want this language to do with it as you indicated in response to my question, or indictment, suppose you place in the record a table which shows how these funds would be used, if we knock out the language.

[The information follows:]

Fiscal Year 1974 Request for EPDA Funds

The budget request is based on appropriation language which excepts section 501(b) of the Education Professions Development Act (EPDA). This section requires specific set-asides for each portion of the act. The table below indicates the budget as requested with the excepting language, and the budget as it would appear if the language excepting section 501(b) is deleted from the appropriation bill.

Activities	With exception as requested	Without exception
Education professions development:		
(a) Teacher Corps (EPDA, pt. B-1)	$37,500,000	$37,500,000
(b) Elementary and secondary development (EPDA, pt. D):		
(1) Urban rural	11,022,000	[1] 6,000,000
(2) Career opportunities	22,853,000	[1] 12,701,000
(3) Categorical programs:		
Indian		1,039,000
Bilingual		1,039,000
(c) Vocational education (EPDA, pt. F)		7,348,000
(d) New careers in education (EPDA, sec. 504)		500,000
(e) Higher education (EPDA, pt. E)	2,100,000	3,674,000
(f) Long-term training (EPDA, pt. C)		3,674,000
Total	73,475,000	73,475,000

[1] These figures are below continuation levels, which appear as the budget request with the excepting language.

PROPOSED REDUCTIONS IN EDUCATION PROFESSIONS DEVELOPMENT

Mr. Flood. Now for the Education Professions Development Activity.

You are requesting $73,475,000. That is a decrease of $33,085,000 from the 1973 request. We have heard a great deal about the surplus of general classroom teachers.

But you are proposing reductions in such training areas as bilingual education, vocational education, special education for the handicapped, community college teachers, early childhood, and so on.

Just here the other day your people were telling us what a great big deal vocational education was, as compared to 5 years ago, here it is now, and this is what is going to be projected. Special Education for the Handicapped we just got through with yesterday. Community College Teachers. Community colleges are going to save the world. Instead of Ivy League things, we are going to have community colleges where the people can do this and that close to home.

I thought that these were areas where there would be serious shortages existing for trained teachers. All these things being true, now you come in here and say the opposite.

How do you justify this reduction? Out go the teachers for all these terrific things. What are you going to do without teachers?

Dr. Smith. Within the context of vocational education and education for the handicapped, there are provisions to pick up many of the pieces that would have been carried out under the Education Professions Development Act.

In addition, there is certainly the opportunity under special education revenue sharing for local decisions to be made so that priorities can be given to the kinds of needs that must be met at the local level.

SURPLUS OF GENERAL EDUCATIONAL PERSONNEL TO BE RETRAINED

Our very strong conviction is that many of the school systems that have begun to show a surplus of teachers as a result of a great increase in the number of eligible applicants desiring positions in a local educational agency are able to convert some of those people with local training to address themselves to the needs of the handicapped and of early childhood. The surplus is actually at the school level. The redirection of personnel use can be accomplished there.

Mr. **Flood**. You would take somebody teaching Virgil and send them down to teach somebody that is handicapped. Wouldn't this call for somebody who is specialized? Isn't it desirable to get people who are enthusiastic about these things rather than Joe Zilch who teaches mathematics?

Dr. **Smith**. Yes, but there is a great deal of difference in the presentation of elementary teachers and secondary people who would be teaching Virgil or Homer. The transition for the elementary teacher to early childhood education is much easier than for the secondary teacher. The beauty of that is that it is child-centered. The beauty is that it is subject-centered. The conversion is not as difficult to make at the local level.

Mr. **Flood**. Are we talking about elementary teachers here?

Dr. **Smith**. If there is a surplus of teachers——

Mr. **Flood**. In vocational training schools?

VOCATIONAL EDUCATIONAL PERSONNEL

Dr. **Smith**. Vocational education is another area. You can move much more readily to restructuring the training designs for secondary people in the area of business or of vocational education and in the area of career education. The transition is not as great as it would be if you started with nothing.

Dr. **Ottina**. I was only going to add that you may remember from earlier testimony on vocational education that the States were indeed using, as I recall, 30 percent of their funds to do just what Dr. Smith has indicated—retrain teachers in the vocational education area, and from our testimony in the handicapped area you may remember that Mr. Martin testified that we were continuing the manpower development program there, and there was an effort being continued at the same level as 1973.

COMBINATION OF PROGRAMS FOR TEACHING THE DISADVANTAGED

Mr. **Flood**. This is the other side of the coin. The budget includes funds for three training programs—"teacher corps," "urban-rural," and "career opportunities."

All three have the same objectives in that they can provide trained staff for educating the poor and the disadvantaged. Of course, you know and we know this is a very worthy objective. But don't these programs obviously overlap each other?

Dr. **Smith**. Overlap in terms of target, yes, and where they do overlap, there is an integration of the programs in the system.

The joy of all three of these programs is that they address themselves to the system, as opposed to the individual teacher. The difference between the career opportunity program and the urban-rural program is that the career opportunity program focuses on paraprofessionals who are already existing in the school system as the result of title I, Head Start or other federally funded programs, or in some instances as the result of budget allocations at the local level.

The primary focus is on the paraprofessionals who had been in dead-end positions; the object is to increase their skills.

Mr. Flood. We thought the whole theme of the 1974 budget presentation across the board has overlapping as one of the cancers to be cut out.

PROGRAMS UNIFIED TO MEET SPECIFIC NEEDS

Dr. Smith. I said overlap in terms of target. Each program has as its ultimate target children from low-income families, but each has a different approach to the target. Two programs may, therefore, go to one place. My example would be Louisville, Ky. There is a Teacher Corps program, a career opportunity program, and an urban-rural program, because of the need there that has come together and formed a single unified front so that there is no duplication in that single site. With that exception you will find that there are approximately three or possibly four sites in the country that have overlapping programs.

If you remember that targeting within the target area of schools serving low-income families varies, then it is not a problem. The career opportunity program focuses on paraprofessionals, while the urban-rural school development program focuses on the total school staff, or teachers staffed from different schools. So we are talking about two different immediate targets within the same targeted area.

FOCUS OF TEACHER CORPS

In the case of Teacher Corps, you are talking about the utilization of Teacher Corps interns and experienced teachers who are utilizing new techniques and technology. I want to introduce Dr. Louise White who is the Director of the Teacher Corps, who may want to enlarge on the point, that while the Teacher Corps, career opportunities program, or urban-rural program are focused on children from low-income areas, each is in effect a separate approach within that title.

Mr. Flood. Doctor, you are on.

Dr. White. Mr. Chairman and members of the committee, the Teacher Corps program itself is in fact very different from any of the programs that have been presented, in that it not only utilizes different techniques, but it develops and encourages the development of new and different teaching techniques to deal with specific target populations.

In that regard it is unlike any other program that has been submitted in a package.

The employment rate of those people who are trained in the Teacher Corps program, whether they are experienced teachers or interns, would be something like, I believe, 87 percent, and probably a point higher.

Mr. Flood. Do you get many older teachers in this corps?

Dr. White. Yes, indeed.

Mr. Flood. Male and female.

Dr. White. Both male and female.

We have a large number of male and female corps members, and a corps member really includes not only the intern but all of the teachers who are working with the project.

Mr. Flood. People are knocking on the door fighting to get in.

Dr. White. Of course. We have to turn down a large number of applications because we do not have the funds.

Mr. FLOOD. How long have you been at this?

Dr. WHITE. Just 8 months.

NATIONAL PRIORITY PROGRAMS

Mr. FLOOD. Very well. You have a category in this appropriation called national priority programs.

This includes such programs as sesame street, drug abuse education, environmental education, drop-out prevention. The budget for this category is $32 million. That is a decrease of $25,080,000 from the 1973 request. Don't forget the title of this program, and I repeat it, national priority programs, exclamation mark. Here is a national priority program—priority program—so you cut it $25 million. That is not much of a priority, is it? What did you do?

Did you decide that these top flight programs have accomplished their purpose and so you scratched them? They are washed up?

Dr. SMITH. The underlying theme of the national priority programs is that they are dynamic, which means that as you are able to accomplish specific kinds of goals they are in a position, then, to be realined. We see the opportunity in the context, first, of the fiscal 1974 budget ceiling, and in the context of the delivery of products for many of these programs; in other words we expect to achieve many of the objectives that have been established. As we are moving through, it would be our hope that as new priorities are established, we would have the opportunity to come back to you when the priorities have reached national significance, and ask you to consider other national priorities.

The beauty of the priority programs is that they really are in a position to change.

Again the major objective for many of our programs is to instill in either the institution of higher education or the local educational agency or in the community——

DRUG ABUSE EDUCATION

Mr. FLOOD. Who decides all these priorities? Is that decided by a stroke of the brush that these programs—for instance, drug abuse—has drug abuse accomplished its purpose? This is an opinion. Who decides that drug abuse is under control?

Dr. SMITH. Let me suggest that Dr. Nowlis might wish to respond to this. I was going to point out the difference in the use of legislative authorities and what has been asked of the National Institute of Mental Health. Why don't you go ahead, Dr. Nowlis?

Mr. FLOOD. What is she going to do?

Dr. SMITH. She is the Director of the Drug Abuse Education Program.

DRUG ABUSE COORDINATION THROUGH SPECIAL ACTION OFFICE

Dr. NOWLIS. In the case of the drug abuse, it is not a question of deciding that we have solved the problem. I think we could not possibly stand up in a hearing and say that we have. It really is a question of trying to coordinate and maximize the total effort of the Federal Government. This came about in part because of the passage last June of Public Law 92-255, the Special Action Office and Treatment Act of 1972. The Special Action Office is to examine the activities of all of the Federal agencies and curiously enough it started out to be 14 agencies, but it ended up that somewhere around 25 or 30 agencies have some piece of this action.

That bill also established a National Institute for Drug Abuse in the National Institute of Mental Health which was to succeed the Special Action Office which expires in 1975. So there is a good deal of planning and trying to coordinate things and consolidate things. This is so that when the Institute becomes a reality it can move.

VOLUNTEERS IN RIGHT TO READ

Mr. **Flood.** To what extent do you use volunteers in the right-to-read program.

Dr. **Holloway.** Mr. Chairman, we utilize volunteers in right-to-read programs at the discretion of the local school district. We have evidence that there are thousands of volunteers involved with teachers in the classroom as well as after school and on weekends where they tutor children in study hall and what have you. We use them rather extensively. We use volunteers from the community, we use retired teachers as well as other students, including high school students.

Mr. **Flood.** How do you get them?

Dr. **Holloway.** We have a number of requests for them, even coming to the national level. We always refer them to the local schools and the community agencies.

We have asked State departments of education to coordinate this effort of right to read.

Dr. **Smith.** To give you an example of the cross-bureau activities, Dr. Holloway and Dr. White have also combined to handle the matter of right to read in the context of the volunteer program of the Teacher Corps.

TEACHER CORPS USE OF VOLUNTEERS

Dr. **White.** I would like to add that the Teacher Corps very much operates in a similar vein with the volunteer component. The difference is that since we are in specific school sites that the specific school sites in fact choose their own volunteers, and those groups of volunteers become a part of the decisionmaking model that exists among the school district, the university, and the community in the planning and implementation of all programs.

Mr. **Flood.** Are your volunteers all local people?

Dr. **White.** Yes; they are people from that given district.

Mr. **Flood.** You do not get people from one part of the country to go to another part of the country because they are volunteers?

Dr. **White.** No. The notion of the use of volunteers is to encourage and include people from their own school districts which will be designed and utilized for their children in the educational process.

Dr. **Smith.** I would like to point out that Dr. White has in the Teacher Corps authorization the language that allows her to provide funds for volunteer components in each of the Teacher Corps projects.

Mr. **Flood.** What funds do you want for volunteers?

Dr. **Smith.** Recruitment and providing supervision for the volunteers. That is in her authority.

LOCAL VOLUNTEERS ATTUNED TO LOCAL PRIORITIES

Dr. **White.** Let me just explain how that operates. The volunteers who are already in the school district logically are people who are more knowledgeable about an individual community and its needs. They often serve, let us say, as the good-will ambassadors for our interns, because if our interns are involved in community affairs, they had better well have some idea of what kinds of problems the community itself considers priority. In that way we are not caught in the trap of having our people—our interns, and I call them our interns even though we do not recruit them, and they are recruited at the local level—would not run the risk of having them go in and determine what a given school district's and community's priorities may be.

NEW DATA COLLECTION PROGRAM

Mr. **Flood.** On page 52 of your justifications you refer to a program that you call "Common Core of Data," as a "major new initiative."

A major new initiative is something. It is major, and it is new and it is initiative. You cannot do better than that. That certainly is at the top of your priorities. You realine the priorities and you come out with this one. You are requesting $500,000 for this major new initiative. Why do you call this a major program? Are you talking about major future costs that will go through the ceiling?

Dr. **Smith.** Mr. Chairman, I am sure you remember that in the education amendments of 1972 the mission of the Office of Education was reiterated, and it was pointed out that the first objective of the Office of Education is to collect, analyze, and disseminate data to the educational community and to the public at large.

The activity for which we are asking support is for the planning for a total comprehensive common core of data program. I have the good fortune of having with me Mrs. Dorothy Gilford, the Director of our National Center of Educational Statistics, who is in charge of this program.

Mr. **Flood.** These phrases, "common core of data," this would make O. Henry sit up in his grave and clap his hands. He would love that stuff.

Mrs. **Gilford.** We hoped you would like the title, "Common Core of Data."

Mr. **Flood.** I like the title—but how much is it going to cost?

FUTURE DATA COSTS PRESENTED

Mrs. **Gilford.** This is a request for planning money to plan a large program which we would want to implement in fiscal year 1975. We would be probably requesting something like $13 or $14 million.

Mr. **Flood.** That is what I thought. Future costs?

Mrs. **Gilford.** Yes, sir.

Mr. **Flood.** Hold your hat, then.

Dr. **Smith.** But it is the first.

Mrs. Gilford. $13 or $14 million. I do not know precisely. It would depend on the results of planning during this next fiscal year.

Dr. Smith. And certainly on the level of the total administration budget for fiscal year 1975.

Mr. Flood. I was afraid that was going to be the answer. I was sure it was.

NATIONAL ACHIEVEMENT STUDY

Very well. Now you want $7 million for what you call national achievement study. How can anybody be against its national achievement study. How much in total will it cost and how long is it going to go on? Is is like Tennyson's Brook or what? Do the results justify this large investment of $7 million?

Mrs. Gilford. First to answer your question about cost, from 1968 to 1973 the total OE investment has been $20,400,000. This would be a continuing activity which would continue over time to measure the achievement in education in the Nation.

I think personally the program does indeed justify the cost. We are starting to get some very major effects as a result of this.

Mr. Flood. How long is it going to go on?

Mrs. Gilford. I think it should go on indefinitely. I think we should always be concerned with what is happening with the national investment in education and whether the students are attaining equally or whether the attainment is deteriorating or improving over time. This is the only study that really measures the attainment of students.

Mr. Flood. The attainment of students?

USE OF STUDY DATA BY STATES

Mrs. Gilford. It also gives many kinds of information which can be used to correct educational deficiencies as they are found at the State level or the local level. The big ground swell of this past year has been the increased use of the assessment data by the States. We have reached a point where some 20 States have expressed an interest in using part or all of the tools of national assessment. I did bring with me the most recent newsletter of the assessment project.

Mr. Flood. This is quite a large investment. You have been at this since 1968. You see no terminal date and want to go right on. So you are talking about a big investment?

Mrs. Gilford. But it does give a superb diagnostic tool for finding the educational deficiencies and correcting them.

What is happening is that the States are using all or part of the national assessment questions and scoring techniques—not all States but a large number—and tests are made available to them in ready copies so that they do not have the research investment of developing the test material. After the States have used it they can compare the State results with the national results. They can compare the urban results, for example, with the rural results within their State. You will find in one of the assessment newsletters some statements by the chief State school officers of different States of the ways they have moved to correct the educational deficiencies in their States.

So what is actually happening here is that a national program is providing the necessary amount and kind of educational material which is then being picked up and used by individual States.

In the long run the cost is much smaller this way.

Dr. **Smith.** In terms of the total national budget that is either estimated or actual for education, when you talk about $90 billion, for American Education, the investment of $7 million in the collection of data to determine priorities in the context of achievement is a very small sum.

Mr. **Flood.** Since this is a national achievement study you cannot get this one under special revenue-sharing?

Dr. **Smith.** No.

Mr. **Flood.** There is something left here anyhow.

Mr. Shriver.

Mr. **Shriver.** Thank you, Mr. Chairman.

ADDITIONAL PARTICIPANTS IN THE TEACHER CORPS

Dr. White, your request for the Teacher Corps is $37.5 million, the same as in 1972 and 1973, which would mean that there could not be any enlargement of the programs. Would it mean that any additional school districts could get into it, or universities working with school districts?

Dr. **White.** On the contrary, it does signify that we have learned something from our past experience. One of the things that we have learned is that there is such a thing as a realistic number of interns and teachers who can benefit from the kind of training we provide. Based upon that we have concluded, with the help of the universities who have been participating in the past in the school district, that a workable number of interns, if we are going to include experienced teachers also, should not exceed 36 for any particular given site. We also have to provide the instructional cost for those teachers who are already experienced who will be participating in the Teacher Corps program and training.

Dr. **Smith.** I was going to say, Mr. Chairman, that the direct answer is "Yes," because I think Dr. White will point out that each year there is national competition and new institutions will have an equal opportunity to be involved in our Teacher Corps program.

Mr. **Shriver.** So not necessarily will the same systems be involved in the future, but new ones will have the opportunity of entering into the training program?

Dr. **Smith.** That is right.

Dr. **White.** Yes; as a matter of fact, this year's figures should in fact double. We had 45 before, I believe, and we would now have about 90, which is consistent with the overlapping cycle operation of the Teacher Corps program.

TEACHER CORPS PROGRAMS IN KANSAS

Mr. **Shriver.** I asked the question because I notice that in our own State of Kansas they are all concentrated in one portion of the State.

I also remember a few years ago when I was trying to help the university in my hometown of Wichita, Kans., to become involved, and they were wanting to, but because of some problems relating to racial isolation—a new terminology I have picked up here in the last few days—the university was not able to proceed. I would hope that there would be other universities and systems than those that have been given the opportunity in the past.

Dr. SMITH. Yes.

RECIPIENTS OF TEACHER CORPS FUNDS

The major criteria, I am sure you know, is the number of children from low-income families that are in school systems. Dr. White, I am sure, would point out that the Teacher Corps program has usually two recipients: The institution of higher education and the local education agency.

Mr. SHRIVER. I understand that.

Dr. SMITH. It may be that where you have high pockets of poverty there is an institution of higher education which has directed itself to meeting those needs.

Mr. SHRIVER. We had exactly that situation before.

NATIONAL DISTRIBUTION OF TEACHER CORPS PROJECTS

Dr. WHITE. We are inviting, as a matter of fact, new opportunities from new school districts throughout the country. In that regard we had prepared a map just so you could have some visual notion how widespread the Teacher Corps operation is in the country and how we have really attempted to cover to the maximum degree all of the proposals or all of those schools as far as our money would go.

Those little blue dots indicate the projects. The red sections differentiate between the different regions. I think if you would take a good look at that, you will see the impact of the program as far as number of projects. We have the results coming in from those who are participating and impatience from people who would like to participate. The results are very, very encouraging when you consider the amount of money with which we are working.

LOCATION OF URBAN-RURAL PROGRAMS

Mr. SHRIVER. Where are the 41 existing operational projects, and two, developmental assistance projects under the urban-rural program. Put that in the record, if you will.

Dr. SMITH. Yes, sir.

[The information follows:]

Locations of All Urban Rural Programs, Fiscal Year 1974

I. OPERATIONAL PROJECTS

California:
  Oakland
  San Jose
Colorado: St. Luis
Connecticut: Hartford
District of Columbia: Washington
Florida: Dade Co.
Georgia: Alma
Illinois: Kankakee
Indiana:
  Indianapolis
  East Chicago
Kansas: Galena
Kentucky: Louisville
Maryland: Baltimore
Mississippi: Greenwood
Missouri:
  North Pemiscot
  St. Louis (2)
Montana: Hays
New Jersey:
  Newark (2)
  Trenton
New York:
  Brooklyn (2)
  Sodus
Ohio:
  Akron (2)
  Dayton
Oregon:
  Portland
Pennsylvania:
  Pittsburgh
  Scranton
Rhode Island: Kingston
Tennessee: Celine
Texas:
  Canyon
  Crystal City
  Edgewood
  El Paso
Virginia: Wise Co.
Washington: Clallam Bay
West Virginia: Wayne
Wisconsin: Bayfield
Puerto Rico: Hato Rey

II. DEVELOPMENTAL ASSISTANCE PROJECTS: PALO ALTO, CALIF., TAMPA, FLA.

These two projects serve as leaders of clusters of small projects concentrating on performance competencies and material development.

A. Performance Competencies

California: Los Angeles
Florida: Tallahassee
Georgia: Athens
Michigan: East Lansing
New York:
  New York City
  Syracuse
North Carolina: Boone
Ohio:
  Cleveland
  Toledo
Oregon:
  Portland
  Salem
Texas:
  Canyon
  Houston
Washington: Olympia
West Virginia: Morgantown
Wisconsin: Madison

B. Materials Development

California:
  Los Angeles
  Oakland
  Northridge
Colorado: Boulder
Florida: Tallahassee
Indiana: Bloomington (2)
Massachusetts:
  Cambridge
  Salem
Michigan: East Lansing
New York: Buffalo
Ohio: Columbus
Oregon: Salem
Pennsylvania:
  Lewisburg
  Pittsburgh
Utah: Logan

HIGHER EDUCATION PERSONNEL TRAINING

Mr. SHRIVER. How are the fellowships under the higher education personnel division determined? It is not a large sum, but you mentioned 92 fellowships and 230 new fellowships.

Dr. SMITH. There is a national competition. I would like, since we do not have the exact data here, to submit that for the record, if it is appropriate.

[The information follows:]

DETERMINATION OF PART E FELLOWSHIPS

Part E of the Education Professions Development Act authorizes the Commissioner of Education to make grants to institutions of higher education for the training of persons who are serving or preparing to serve as teachers, administrators, or educational specialists in colleges and universities.

During the spring of each year, instructions and application forms are sent to all institutions of higher education to enable them to prepare training program proposals if they wish. These instructions also contain a list of national priorities to which the proposals should be addressed. The two major priorities which consistently have been supported are the preparation of personnel for junior and community colleges and the preparation of personnel to work with the growing number of disadvantaged students in our colleges and universities.

The training program proposals, which are submitted for fellowship support by colleges and universities, are evaluated on a competitive basis by panels of experienced and knowledgeable college teachers and administrators who carefully read and rate the proposals and then rank them in priority order. A professional staff within the Office of Education then reviews the recommendations of the outside academic readers and makes up the final list of training programs recommended for fellowship support taking into consideration such factors as the stated national priorities, appropriate geographical distribution, and the limitations of the budget.

Two days after Congress is notified about the approved fellowship programs the successful institutions are notified about their approved training programs and the number of fellowships awarded. Then successful institutions advertise the availability of these fellowships and select the most qualified applicants to fill them.

The unsuccessful programs are also notified at the same time with written summaries of the evaluations of their proposals so they may understand why their programs were not supported.

REASONS FOR SELECTED PROGRAM DECREASES

Mr. SHRIVER. I notice on page 5 of the justification under "Education Professions Development" and the various other items that are listed on the right hand side, most of the items are decreases from the prior year, except when it gets to educational statistics. There you have a substantial increase. Will you tell us why when the rest of them are decreases?

Dr. SMITH. I think there are two answers. With regard to decreases, a number of the programs had a 3-to-5 year life expectancy. Fiscal 1973 actually completes the 4 or 5 year cycle, and, therefore, the programs are now going to be integrated into other systems, special education revenue sharing as a priority for local decisionmaking. In the case of those programs that are being reduced but are still existing, like the career opportunity program, we are beginning to have graduates, which reduces the number of dollars necessary for the continuation of those projects.

INCREASE REQUESTED FOR EDUCATIONAL STATISTICS

With regard to data systems improvement——

Mr. **Shriver.** No, "Educational Statistics." I guess that is what it is.

Dr. **Smith.** "Education Statistics"—I am sure Mrs. Gilford would want to speak to that area. I want to point out that once again as we look at the Education Amendments of 1972 we clearly have seen that the first mandate given to us by Congress is to collect and analyze data.

In order to do that we need to enhance the capacity of the National Center for Educational Statistics, so that it is in fact consistent with what we have in health statistics, and what we have in welfare statistics.

Mrs. Gilford, you may want to enlarge on that.

Mrs. **Gilford.** Yes, I would like to.

There is one important budget matter in that a large program was transferred to the Center. A million and a half of that increase represents the funding for that program. It was a comparative transfer.

So the increase is not quite as large as it appears. The fact is that the Educational Statistics Center has been a very lean operation compared with other statistical centers. We have not had the staff to do analysis. The result of this is that the data are not as usable as they should be. We would like to do analysis. We have not had the capability to provide what I would call a "fast response service" to the Office and the Congress. We would like to be able to do that. It will cost money to do it. We would like to be able to take a question from the Hill and get you an answer back in a month and actually collect data for you and give it to you quickly. There is an interest in the longitudinal study which we have started, which we hope will help us understand the educational patterns and career patterns. We started it last year. We surveyed 20,000 high school seniors and we will be following them up this year. That represents a sizable increase in cost. They are all over the world literally.

That would tell us about the relative attainment of different groups of students and will give us information on what proportion of high school seniors go into different kinds of activities, information we do not have recently.

The most recent information is Project Talent which is a generation of students 10 years older than this one and a very different kind of student.

SURVEY OF POSTSECONDARY EDUCATION INSTITUTIONS

Another area we are moving into is study of the postsecondary institutions other than the formal colleges and universities. Until very recently almost nothing was known about those institutions. We knew they existed and we knew a bit about them. But we did not even know how many there were. The Center did do a survey to produce a directory of the other postsecondary education institutions last year, and that will be published this spring. We now know that there are about 11,000 postsecondary education institutions. We want to learn a great deal more about them. It is important to know more in order to administer the Education Amendments of 1972. So we will be doing a small survey to get data about these institutions, data about the types of programs they offer, the number of students, the charges to students, and whether or not the students attain jobs in line with their education. We will plan to do a more extensive survey, getting more information about types later in the year. Those are the major areas of activity. But there are expansions in many other lines of activity which are essential to have a good statistical system.

Mr. **Shriver**. Basically the reasons for the rather large increase in this area of statistics and data systems is to comply with the law and to get information needed by educators over the country.

Mrs. **Gilford**. Yes, particularly to provide management data for Federal programs.

NCES COMPARED WITH OTHER STATISTICAL CENTERS

Mr. **Shriver**. Would you very briefly make some comparison of your Center with the Center for Health, for example? Why don't you do that for the record.

Mrs. **Gilford**. I will be glad to do that.

[The information follows:]

Insert, Page 2797

Estimated amount of Federal Funds Obligated and Number of Positions for Selected Federal Statistics Programs: Fiscal Years 1971 - 1974

Program	Amount Obligated in Millions of Dollars				Number of Positions			
	1971	1972	1973	1974	1971	1972	1973	1974
National Center for Educational Statistics (NCES)	$11.9	$13.8	$10.3 a/	$14.9	148	155	153 a/	166
National Center for Health Statistics (NCHS)	10.3	16.5	19.5	23.1	537	629	681	572
Statistical Reporting Service of U.S. Dept. of Agriculture	19.0	26.0	25.0	24.4	1,425	1,594	1,497	1,497
Business Economics and Statistics (Dept. of Commerce) b/	27.3	31.5	33.8	39.1	2,161	2,234	2,422	2,817
Bureau of Labor Statistics	27.5	36.4	45.7	47.4	1,458	1,437	1,601	1,598

a/ Level under the FY 1973 continuing resolution; Budget request was $13.9 million and 185 permanent positions.

b/ In order to make the information in this table more comparable, the data for Dept. of Commerce does not include certain temporary staff and data processing costs associated with periodic censuses of Population, Agriculture, Economic Activities and Governments.

Comparison of total national expenditures for the "health industry" (the most similar to education) and the "education industry" is indicated in the following table.

Estimated Expenditures from all sources for Education and Health Services: United States, FY 1971 - 1973

	Amount in Billions of Dollars		
	1971	1972	1973
Education	$76.6	$83.5	$89.9
Health Service	79.8	88.0	97.1

SUPPLY OF TEACHERS FOR EXCEPTIONAL CHILDREN

Mr. SHRIVER. I notice, as I said a moment ago, all of these decreases. So I am going to ask a couple of questions relative to those items that are listed on page 5 of the justifications. Is there a surplus of teachers to teach the exceptional children and handicapped children?

Dr. SMITH. No, there is not a surplus of teachers.

Mr. SHRIVER. But you are decreasing exceptional children by $4,112,000.

Dr. SMITH. If you remember Dr. Martin's presentation from the Bureau of the Educationally Handicapped you will find that he has built into his program the picking up of the training of regular classroom teachers in special education. So the services that we were rendering are now an integral part of the Bureau of Educational Handicapped function.

Mr. SHRIVER. So it is being transferred someplace else.

Dr. SMITH. Yes.

DROPOUT PREVENTION DEMONSTRATIONS PROVED SUCCESSFUL

Mr. SHRIVER. Is the same thing true about dropout prevention? That is being decreased $4,500,000.

Dr. SMITH. Dropout prevention was a small demonstration program which was primarily designed to focus the attention of local educational agencies on the problem of the dropout. I would say that it is probably one of our most successful programs. We started with 10 and added nine additional projects. The data are in from the first 10 which shows a significant decrease in dropouts in those projects. I think the dropout rate went all the way from 10 percent to 5.5 percent over a 4-year period. The decrease results from the completion of the 5-year projects—of the 10 5-year projects that were in existence—and the $4 million requested is to support the nine projects that are in their 4th year.

LOCAL SCHOOLS WILL SET DROPOUT PREVENTION PRIORITY

Mr. SHRIVER. But the dropout program, following these models and demonstrations just mentioned, can be picked up by communities if they want to by using revenue sharing.

Dr. SMITH. Yes. But more importantly what we hope will occur is that as they make decisions concerning the utilization of revenue-sharing moneys, they draw from the successful experiences in our dropout prevention projects which have specific characteristics that are common with the characteristics of their particular school system.

Mr. SHRIVER. We have had a program in my home town for dropouts not connected with the public school system but funded by our community action program—OEO—which is apparently being phased out. Is there any place in the Department of Education that this group could get any assistance financially other than revenue sharing?

Dr. SMITH. I think at this point in time the major priority is for the local educational agencies to utilize educational revenue sharing in whatever ways they feel fits their priorities at the local level.

Mr. SHRIVER. I believe that is all, Mr. Chairman.

Mr. FLOOD. Mr. Natcher.

TEACHER CORPS ACTIVITIES IN KENTUCKY

Mr. Natcher. Dr. White, the map you presented to the committee a few moments ago showing the location of Teachers Corps, in Kentucky we have three dots. One is Louisville. Where are the other two?

Dr. White. I will submit that for the record. I do not have the cities.

Mr. Natcher. They seem to be real close together.

Dr. White. What those three dots would probably signify at this point is that we do have a consortium arrangement in Louisville and you have several institutions feeding and sort of pooling their resources for the benefit of the school district.

Mr. Natcher. Will you place that in the record at this point? I would appreciate it.

[The information follows:]

Two Projects in State

There are currently two Teacher Corps projects operating within the State of Kentucky. They are the Louisville public schools in conjunction with the University of Kentucky at Lexington, and the University of Louisville, and Western Kentucky University with the participating local school districts of Bowling Green, Cloverport and Warren County. The third project on the visual display was for the bordering State of Indiana and included the Purdue/Indiana University project which operates in Indianapolis.

CONTRACTS FOR COMMON CORE OF DATA

Mr. Natcher. Under the common core of data and your $500,000 request, why is it necessary to have other organizations under contract in addition to your State agencies?

Why should any other organization have to have a contract other than your State agencies?

Mrs. Gilford. The type of thing we are doing, for example, to try to define the core finance items which will be needed at the Federal level could certainly be done in-house by OE staff if we had enough staff, or it could be done by a State department of education, if it would choose to bid on an RFP, or it could be done by a private organization. We would much prefer to have in-house staff to do our work, but within the total ceiling limitations for the Office of Education it is not easy to get an adequate number of positions for the statistics center. In order to carry out our program we must go the contract route.

Mr. Natcher. You have entered into other contracts.

Mrs. Gilford. Yes, sir, we have a large program.

Mr. Natcher. For instance, name one or two of the organizations.

Mrs. Gilford. Contractors?

Mr. Natcher. Yes.

Mrs. Gilford. The Educational Testing Service has been a contractor. The Research Triangle Institute.

Mr. Natcher. Where is the Research Triangle Institute located?

Mrs. Gilford. In North Carolina. It is really a consortium of three universities that have set up the Research Triangle Institute.

Mr. Natcher. HEW at Durham has a research facility.

Mr. Miller. No; it is not. That is the National Institute of Environmental Health Sciences.

Mr. Natcher. That is right. That has no connection with this?

Mr. Miller. No.

Mr. Natcher. Thank you, Mr. Chairman.

Mr. Flood. Mr. Robinson.

FEDERAL VERSUS STATE RESPONSIBILITY

Mr. Robinson. Thank you, Mr. Chairman. You mention on page 1 of your presentation, the overall emphasis on special revenue sharing which we have certainly heard a great deal about, but then you go on to say that a number of tasks have been identified as the ones that can most appropriately be pursued on a Federal level. Why are these most appropriately pursued on a Federal level as compared to the ones that have been selected for revenue sharing funding?

Dr. Smith. In the case of data, of course, it is designed primarily for the national perspective. It would be both uneconomical and unproductive not to have a national centralized responsibility for coordinating data activity.

Mr. Robinson. There is no argument on the data. I am thinking of Teacher Corps and the others.

Dr. Smith. In the case of Teacher Corps it is in effect decentralized in the context of specific regional areas having specific projects. The beauty of the Teacher Corps program it is utilization of innovations and new techniques and technologies which, because of its centralized nature, provides the opportunities for local educational agencies to utilize aspects of it from a centralized perspective. Dr. White, you may want to enlarge on that.

Dr. White. First of all, it is my feeling as Director that the Teacher Corps is in every sense a centralized activity. We do not have a formula here in Washington which states that schools must decide to do this, that or the other. The school districts and the universities and the communities, in fact, get together and decide the kind of program that they would like to see implemented within its own district. It is a program which they feel will best meet the needs of the children for their particular locale.

All we do is have a group of evaluators read that proposal and look at it objectively for its viability, and assist, if we find that they have some minor points missing, in whatever technical language might be needed.

Dr. Smith. I was going to add that in the context of the career opportunity program and urban-rural program, they are decentralized programs. They are actually administered from the 10 regional offices. So we really have two different kinds of models that are operable. They are national programs but they are not necessarily run from the Washington office. They are run from the lowest point in the HEW structure that is closest to the very people involved.

17-STATE COOPERATIVE EFFORT

Dr. White. I think I would like to go back a bit to indicate what I consider one of the best examples of the decentralization programs and how it works. I am sure you are aware that some 17 States have gone together to try to determine exactly what should happen to the whole Nation. The initial thrust for the whole idea was one that came out of teacher corps programs from around the country. So we have been right in the middle of that and trying to help, learning from them, and developing whatever we might consider as first generation qualities of a competently-based teacher certification notion in order that we will be able to help more rapidly in the future.

I think this is really one of the greatest examples that I can think of of our decentralizing.

Mr. ROBINSON. The fact that you are already decentralized, as you say, and the fact that your objectives are to help those that need help the most would indicate to me that just the opposite is true and that very properly it should be under revenue sharing rather than being where it is.

That is the reason I do not understand your rationale. You do not convince me at all. So let us go on to another question.

Mr. MILLER. Mr. Robinson, may I add perhaps the missing element is that we tend not to put things under revenue sharing if we feel there is a national need that is identified that can only be met by creating some kind of national resource and distributing it.

NUMBER OF TEACHER CORPS PROJECTS

Mr. ROBINSON. I have a couple of other questions since we are talking about the Teacher Corps. The statement mentions that you have 43 projects and 45 new ones to begin, but the justification says that there are 120 projects now and 225 to continue. Is it explained in the footnote where you have several contracts under each project?

Dr. SMITH. Yes.

Mr. ROBINSON. With regard to the new projects that will be funded, do we have a question in the record as to where they will be located?

Dr. SMITH. In fiscal 1974?

Mr. ROBINSON. Yes.

Dr. SMITH. Decisions at this point in time have not been made as to where those projects will be located. I think Teacher Corps is in the process of analysis of proposals and in the very near future it is anticipated we will be able to add that to the record.

Mr. ROBINSON. When that information is available, would you make it available to the members of this committee if the record is closed?

Dr. SMITH. We will see that you receive a copy, sir.

SPECIAL GROUPS SERVED BY TEACHER CORPS

Mr. ROBINSON. I also have a copy of a survey which was made here at the request of Senator Nelson which covers the Teacher Corps program to the extent of about 50 pages. It mentions a number of categories of the teacher corps program in the corrections area, in the Indian projects, and various others, which are not discussed in detail in the presentation. I would like to know how many of each of these categories of programs are included in the programs.

Dr. SMITH. We will submit that for the record.

[The information follows:]

Insert, Page 2803-A

Six Teacher Corps Projects in Correctional Institutions

A 1970 amendment to Teacher Corps legislation authorizes projects "... designed to meet the special educational needs of juvenile delinquents, youth offenders and adult criminal offenders ..." Six projects are in effect during fiscal year 1973. Two are 6th Cycle projects started in 1971 and two are 7th Cycle projects started in 1972.

6th Cycle - 1971 to 1973 Projects

Number of Projects:	2
Locations:	New York City and California
Number of Teams:	13
Number of Corpsmembers:	88

Projects

Fordham University, New York City	$404,200
University of California, Sacramento	423,000
	$827,200

7th Cycle - 1972 to 1974 Projects

Number of Projects	4
Locations:	California, Oregon, Wisconsin, New Jersey
Number of Teams:	26
Number of Corpsmembers:	181

Projects

University of Southern California, Los Angeles	$ 470,000
University of Oregon	376,000
New Jersey State Department with Montclair State College	394,800
University of Wisconsin (Milwaukee)	460,600
	$1,701,400

Total fiscal year 1973 obligations	$2,528,600

(Fiscal year 1972 total was approximately $1,570,000)

Insert Page 2803-A
(cont'd)

Sixteen Bilingual Education - Teacher Corps Projects

Project	FY 1973 Amount
University of Texas, Austin	$ 103,400
Texas A&I University, Laredo	263,200
University of California, Santa Cruz	244,400
University of Southern California (Migrant)	319,600
Southern Colorado State College	451,200
University of Illinois (Chicago Circle Campus)	347,800
Adams State College	244,400
University of Hartford	282,200
Texas Southern University	225,600
Puerto Rico Department of Education	423,000
University of Texas, El Paso	197,400
New Mexico State University	319,600
State University College at Buffalo (New York)	282,000
University of New Mexico	160,000
University of Houston	376,000
Sacramento State	423,000
Total	4,662,800

Teacher Corps Projects - Indian Areas

Institutions	FY 1972 Amount	FY 1973 Amount
Arizona - 8 projects	$ 321,772	710,846
Alaska - 12 projects	234,000	234,000
Montana - 8 projects	623,231	561,398
North Dakota - 8 projects	822,035	822,035
South Dakota - 11 projects	756,481	756,481
Wisconsin - 12 projects	452,346	806,933
Utah - 1 project	49,989	49,989
Idaho - 1 project	27,500	27,500
Washington - 4 projects	161,477	161,477
Total	3,448,831	4,130,659

LOCATION OF CAREER OPPORTUNITIES PROGRAMS

Mr. **Robinson**. I do not believe either that we have anything in the record with regard to where the career opportunity program projects are located.

Dr. **Smith**. I can say with the exception of two States there is at least one career opportunity program in every State.

We will submit that for the record.

[The information follows:]

Locations of All Career Opportunity Programs, Fiscal Year 1974

- Alabama:
  - Birmingham
  - Huntsville
- Alaska: Anchorage
- Arizona:
  - Tempe
  - Chinle
- Arkansas:
  - Gentry
  - Little Rock
- California:
  - Richmond
  - San Jose
  - San Francisco
  - San Diego
  - San Bernardino
  - Sacramento
  - Pasadena
  - Arcata
  - Oakland
  - Fresno
  - Compton
  - Los Angeles
  - Stockton
- Colorado:
  - Trinidad
  - Lakewood
  - Denver
- Connecticut: Hartford
- Delaware: Wilmington
- District of Columbia: Washington
- Florida:
  - Tampa
  - Jacksonville
  - Miami
  - Marianna
- Georgia:
  - Atlanta
  - Lafayette
  - Savannah
- Hawaii: Honolulu
- Idaho: Boise
- Illinois:
  - Peoria
  - Chicago
- Indiana:
  - South Bend
  - Gary
- Iowa:
  - Waterloo
  - Cedar Rapids
  - Des Moines
- Kansas: Parson
- Kentucky:
  - Louisville
  - Jackson
  - Pikeville
- Louisiana:
  - Marksville
  - New Orleans
  - St. Martinsville
  - Opelousa
- Maine: Lewiston
- Maryland: Baltimore
- Massachusetts:
  - Worcester
  - Boston
  - Springfield
- Michigan:
  - Saginaw
  - Pontiac
  - Grand Rapids
  - Detroit
- Minnesota:
  - Minneapolis
  - Duluth
- Mississippi:
  - Jackson
  - Tupelo
- Missouri:
  - St. Louis
  - Kansas City
- Montana:
  - Box Elder
  - Helena
  - Hardin
- Nebraska:
  - Omaha
  - Lincoln
- New Hampshire: Manchester
- New Jersey:
  - Trenton
  - New Brunswick
  - Newark
  - Camden
- New Mexico:
  - Albuquerque
  - Las Cruces
  - Santa Fe
- New York:
  - Rochester
  - Brooklyn
  - New York

Location of All Career Opportunity Programs, Fiscal Year 1974—Con.

- North Carolina:
  - Durham
  - Asheville
  - Lillington
  - Winston-Salem
- North Dakota:
  - Fargo
  - Belcourt
- Ohio:
  - Akron
  - Dayton
  - Cleveland
  - Cincinnati
- Oregon:
  - Salem
  - Portland
- Pennsylvania:
  - Erie
  - Philadelphia
  - Scranton
  - Smethport
- Rhode Island: Pawtucket
- South Carolina:
  - Darlington
  - Kingstree
  - Sisseton
- South Dakota: Mission
- Tennessee:
  - Dunlap
  - Nashville
  - Memphis
  - Livingston
- Texas:
  - El Paso
  - San Angelo
  - Ft. Worth
  - Houston
  - San Antonio
  - Edinburg
  - Port Isabel
  - Crystal City
  - Midland
- Utah:
  - Farmington
  - Monticello
- Vermont: Waterbury
- Virginia:
  - Richmond
  - Hillsville
- Washington:
  - Yakima
  - Tacoma
  - Spokane
  - Seattle
- West Virginia:
  - Shepherdstown
  - Charleston
- Wisconsin:
  - Racine
  - La Crosse
- Wyoming: Laramie
- Puerto Rico: Hato Rey

LOCATION OF URBAN-RURAL PROJECTS

Mr. Robinson. The urban-rural program interests me because of the fact that I represent a district which is highly rural. I wonder how many of the projects in that program are urban and how many are rural, or if you differentiate.

Dr. Smith. Yes.

From the very inception the design was set so that one-third of the resources would be for rural projects and two-thirds for urban projects.

Mr. Robinson. Will you provide us with the information as to where they are located also?

[The information follows:]

Urban/Rural Projects

Of the 41 operational projects, 22 are serving urban areas and 16 rural. Three projects serve both urban and rural areas.

The projects funded under developmental assistance components serve all projects and hence cannot be classified into either urban or rural.

URBAN PROJECTS

California:
  Oakland
  San Jose
Connecticut: Hartford
District of Columbia
Florida: Dade County
Indiana:
  Indianapolis
  East Chicago
Kentucky: Louisville
Maryland: Baltimore
Missouri: St. Louis (2)
New Jersey:
  Newark (2)
  Trenton
New York: Brooklyn (2)
Ohio:
  Akron (2)
  Dayton
Oregon: Portland
Pennsylvania: Pittsburgh
Texas: El Paso

RURAL PROJECTS

Colorado: St. Louis
Georgia: Alma
Illinois: Kankakee
Kansas: Galena
Mississippi: Greenwood
Missouri: N. Pemiscot
Montana: Hays
New York: Sodus
Pennsylvania: Scranton
Tennessee: Celine
Texas:
  Crystal City
  Edgewood
Virginia: Wise County
Washington: Callam Bay
West Virginia: Wayne
Wisconsin: Bayfield

URBAN/RURAL PROJECTS

Rhode Island: Kingston
Texas: Canyon
Puerto Rico: Hato Rey

EDUCATIONAL BROADCASTING FACILITIES

Mr. Robinson. In the educational broadcasting facilities request for $10 million, I would like the record to show where the money is going to be used and in what States.

Dr. Smith. Yes, sir.

[The information follows:]

USE OF FUNDS IN FISCAL YEAR 1974

The $10 million will be used to stimulate non-Federal funds to develop telecommunications broadcasting capacity toward closing the facilities gap between commercial capability and noncommercial educational capability.

The exact State-by-State distribution of budgeted fiscal year 1974 funds cannot be determined until appropriate applications outlining the shape of the need and demand can be reviewed.

For example, it would be possible with $10 million in Federal dollars to (1) help local communities in the activation of approximately 10 television stations and 12 radio stations, and (2) assist 30 of the existing broadcast stations (10 television and 20 radio) to bring their facilities up toward comparability. Such grants to existing stations often are the most important factor enabling them to become effective in gaining adequate operating support from the local community. Decisions on which grants will be awarded will be made in September, December, and March of fiscal year 1974, with approximately one-third of the funds being awarded during each period.

The State-by-State distribution achieved during the period from fiscal year 1963 to fiscal year 1973 inclusive, appears below. The pattern is effected somewhat by the varying readiness of entities within different States to effectively utilize educational broadcast facilities grant funds.

Educational broadcasting facilities program, fiscal years 1963–73

Total	$77, 364, 749	Nebraska	$1, 909, 928
Alabama	1, 697, 107	Nevada	482, 610
Alaska	603, 812	New Hampshire	895, 928
Arizona	963, 162	New Jersey	1, 860, 276
Arkansas	578, 125	New Mexico	1, 422, 994
California	3, 753, 384	New York	3, 612, 029
Colorado	770, 742	North Carolina	930, 732
Connecticut	1, 100, 287	North Dakota	611, 629
Delaware	988, 525	Ohio	2, 797, 814
District of Columbia	794, 694	Oklahoma	882, 630
Florida	3, 077, 643	Oregon	853, 273
Georgia	1, 390, 707	Pennsylvania	2, 873, 787
Hawaii	393, 762	Rhode Island	604, 655
Idaho	1, 150, 556	South Carolina	1, 543, 344
Illinois	2, 052, 835	South Dakota	1, 944, 272
Indiana	2, 348, 180	Tennessee	2, 020, 444
Iowa	1, 521, 009	Texas	2, 559, 625
Kansas	840, 618	Utah	893, 649
Kentucky	1, 644, 920	Vermont	979, 041
Louisiana	937, 675	Virginia	2, 091, 597
Maine	858, 829	Washington	2, 290, 012
Maryland	1, 356, 626	West Virginia	1, 717, 132
Massachusetts	1, 502, 500	Wisconsin	1, 992, 058
Michigan	2, 736, 234	Wyoming	----------
Minnesota	1, 815, 587	Guam	149, 979
Mississippi	1, 775, 682	Puerto Rico	300, 193
Missouri	1, 658, 897	Virgin Islands	337, 500
Montana	31, 120	American Samoa	164, 400

SESAME STREET AND THE ELECTRIC COMPANY

Mr. ROBINSON. With regard to Sesame Street and the electric company, the statement is made that these are designed to increase the reading ability in one case and designed to teach basic reading and arithmetic skills. I would like a little discussion in the record as to what extent this design has worked.

Dr. SMITH. Yes, sir.

Mr. ROBINSON. How you appraise the effectiveness and what you have found out with regard to the 12 million preschool children that have been exposed to these programs, and how you analyze the results.

[The information follows:]

Insert, Page 2807-A

Evaluation of Programs

The Children's Television Workshop has closely followed a developmental model which can be characterized as a series of largely distinct but partially overlapping phases. Phases can be described, and best understood, as follows: pre-planning phase, research and development phase, production phase and evaluation phase.

Evaluation of the CTW model included a formative evaluation of every regularly scheduled broadcast conducted by CTW's research staff. Independent, summative evaluations have been conducted by the Educational Testing Service in Princeton, N.J. The research design and strategies for the summative evaluations were developed by ETS, CTW research staff, and the CTW Research Advisory Committee, headed by Dr. Gerald Lesser, Bigelow Professor of Education and Psychology at Harvard University. The evaluation of Sesame Street's first 26 weeks of broadcasts revealed that:

- television can be an effective means for teaching 3-5 year old children
- skills receiving the most time and attention on the program itself were best learned
- in all 8 goal areas in which the children were tested, gains in learning increased steadily with amount of viewing.

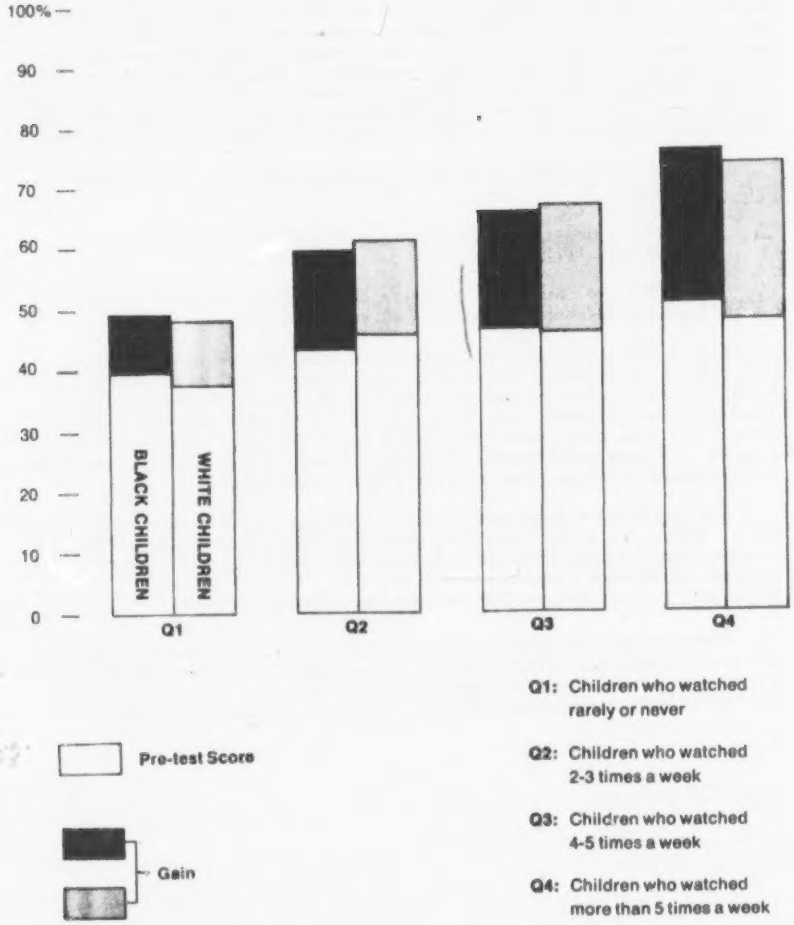
Some 1,200 children in 5 different locales were tested. Viewers (3-5 year olds) achieved higher post-test scores in all eight curriculum areas. In the second evaluation study, ETS also involved some 1,200 pre-school age children, and again results showed that viewers, particularly the 3 year olds, made significant gains over non-viewers. The program was equally effective with black disadvantaged children and white disadvantaged children. (See figures 1 and 2 following).

ETS completed a summative evaluation of the Electric Company in March, 1973. The study, involving more than 8,000 students in grades 1-4, revealed that viewers achieved more than non-viewers in all of the nineteen curriculum (reading) areas selected. Viewers gained an additional 2.5 percent to 19.0 percent more than non-viewers.

First and second graders benefitted most, third and fourth graders to a lesser extent. Figure 3, following, illustrates the gains of viewers over non-viewers of the Electric Company in the 19 subtest curriculum areas. CTW has already commissioned ETS to undertake a second evaluation.

FIGURE 1

COMPARATIVE GAINS FOR
BLACK & WHITE DISADVANTAGED CHILDREN
Percentage of questions answered correctly



Q1: Children who watched rarely or never

Q2: Children who watched 2-3 times a week

Q3: Children who watched 4-5 times a week

Q4: Children who watched more than 5 times a week

FIGURE 2

PRETEST AND POSTTEST SCORES OF 3, 4 AND 5-YEAR OLD DISADVANTAGED CHILDREN

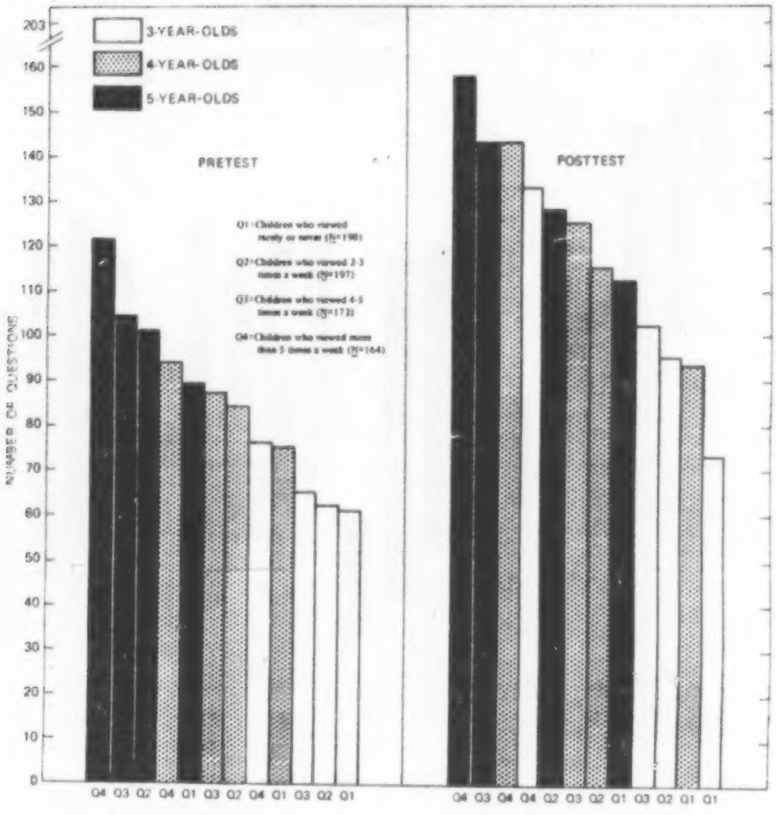
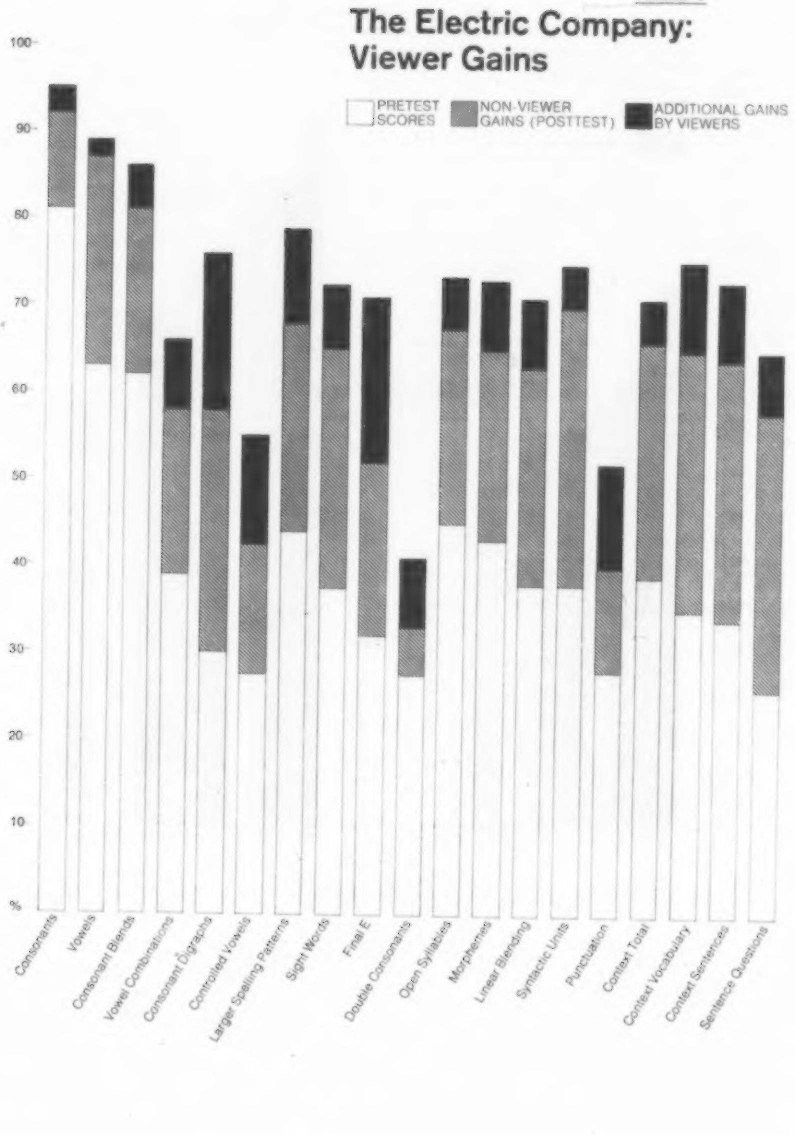


FIGURE 3



The Electric Company: Viewer Gains

Mr. Robinson. I do not mean to indicate that they are not excellent programs, because I think they are.

Dr. Smith. Thank you.

DRUG ABUSE EDUCATION MODELS DISSEMINATED

Mr. Robinson. In the drug abuse education, the goal is stated as being one to generate models which can be validated and disseminated. Now that it is being cut back we mention that we want to disseminate these program to the extent that they have been found to be valid. I would like the record to show in a little more depth the extent to which the goal has been reached to generate these model programs, and whether we have been wasting our money or if we have really accomplished something in terms of finding model programs that will function effectively in these communities.

[The information follows:]

Development of Model Programs

The Office of Education Drug Education program operates on the basis of two assumptions.

> 1. The problem of drug use and abuse by young people is complex and varied. It involves different individuals using different drugs for different reasons in different social situations. Any programs whose aim is to influence drug use behavior must take these differences into account.
>
> 2. Patterns of drug use are influenced by many factors—family, school, church, peer group, media, and community. The relative influence of each will depend on culture and community, and must be understood and utilized in planning in any given community.

Two years experience with 57 local school district-, college-, and community-based projects scattered across the Nation and with an increasing number of communities' experience available to use through the help communities help themselves program in which 800 communities have participated has confirmed our assumptions about the processes which are basic to viable programs and projects. Possible models of how these processes can be adapted in a wide variety of communities have been identified and are being developed. These include black, Chicano, Puerto Rican and American Indian enclaves in or around large cities, rural white and minority groups, Indian reservations, suburbs, Alaskan Eskimo communities, as well as middle America.

A major contract for the validation and dissemination of these models is planned for fiscal year 1973 funding with the goal of completing validation within 1 year and beginning a major dissemination effort as results become available.

Unfortunately good model development and validation in this complex area is a much slower process than any of us would like. Our goal is to make a genuine contribution to constructive action rather than add to the current confusion.

PROFESSIONAL ASSOCIATIONS COMMITTED TO RIGHT TO READ

Mr. Robinson. I have one final question which arises from a comment or statement on page 40.

At the bottom of the page you say, with regard to right to read, you have obtained commitments from 65 professional associations and on the top of the next page, developed plans to involve 25 of these 65 professional associations in right-to-read activities and programs. What does this imply?

Dr. Holloway. Congressman, that really implies the degree to which we asked them to be right-to-read affiliates with our office and to disseminate information about programs that work, to get them involved in various aspects of the right-to-read programs.

Mr. Robinson. Give us an example of several of these associations.

Dr. Holloway. Let me give you an example of one of the large associations in terms of power, and that is the chief State school officers. They have in fact appointed a subcommittee on right to read, hired a staff person who has the responsibility of disseminating information to State education agencies about how they can coordinate all of their reading programs to have a greater impact.

Obviously, we in the Office of Education would not be able to do that to every chief State school officer. So their organization has adopted right to read and is pushing it.

Another example in the administrative line is the American Association of School Superintendents who just met in Atlantic City and are meeting in San Francisco. They have adopted a major resolution, and two major activities to have superintendents throughout the country attempt to utilize the validated reading programs, the effective reading programs that we have identified districtwide so they can follow the problems. I can point to the International Reading Association, which has been very supportive of our activities; we negotiated an agreement with them with no money to have them prepare and circulate a newsletter on the effective aspects of the right-to-read funded programs, either at the community or school level or at the universities, colleges or State level. Those are three examples and we have others.

NUMBER OF ASSOCIATIONS IS LIMITED

Mr. Robinson. You mentioned three examples of those that have accepted the program and obviously there are many more because you have 25.

I wonder about the 40 that did not. Is there any rejection or any resistance to the program as far as the other 40 associations are concerned?

Dr. Holloway. No; we restricted it to 25 this year because of limitations of our staff.

We have to go to each one and negotiate. I think it is fair to say we had some concern expressed by one association which is concerned more about reading methodology than anything else and I think we have resolved that. We have had broad-based support in that we have had industry contribute money, which really surprised me.

Mr. Robinson. That is all, Mr. Chairman.

Mr. Natcher. Mr. Obey.

REASONS FOR REJECTING TEACHER CORPS APPLICATIONS

Mr. Obey. First of all, on the Teacher Corps, Dr. White, you mentioned that you had many applications which you had to turn down. What are the reasons in addition to fiscal reasons for having to turn down a lot of applicants?

Dr. White. This is the first year I have gone through this. As you recall, I have only been here 8 months. The reasons we have had to turn them down is that we did not have enough money to fund all of them, and second, some were programs that would not fit into the mold or would not break out of the old traditional educational training program. Teacher Corps itself was intended to introduce and implement new and creative methods, working with children who have different learning patterns.

Mr. Obey. How many applications did you have to turn down?

Dr. White. This year we turned down about 40.

Mr. Obey. And you accepted how many?

Dr. White. We have not completed the whole acceptance process.

Mr. Obey. About what percentage will you wind up turning down?

Dr. White. We will wind up turning down approximately a third of what we get.

Mr. Obey. How much of that one-third would be turned down because they were not the kind of programs they should have been versus being turned down because of fiscal limitations?

Dr. White. I can furnish that information for the record. I do not have the numbers before me at the present.

Dr. Smith. I was going to say on the whole that what normally happens is that criteria are established for acceptable proposals. So at all times there will always be those that do not meet whatever the criteria might be.

Dr. White. There are also other reasons that were brought on by the GAO report. I am sure that members of the committee are aware of that report. There were schools—and it relates definitely to the past history—schools for one reason which had outstanding financial obligations to the Government. Those would have to be cleared, we were told.

Mr. Obey. Let me ask one more question before we break. Would you supply for the record—I assume you did not mean that all of them that are turned down did not meet the criteria. Why don't you put in the record the number of projects which would meet your criteria that you have had to turn down because of limitations of funds, and give me an idea of what it would cost in addition to fund those?

Dr. Smith. Yes, sir.

[The information follows:]

No Teacher Corps Project Rejected for Lack of Funds

In the last 3 years the number of fundable proposals has been generally equal to the amount of the appropriation. All proposals not funded had specific programmatic problems, some more serious than others. Even if more or unlimited funds were made available, it is unlikely that we could or would be able to increase the number of Teacher Corps projects and maintain the high quality of training in the projects which result in the high rate of employment for Teacher Corps graduates in regular teaching positions.

Mr. Natcher. The committee will recess until 2 o'clock.

AFTERNOON SESSION

Mr. Patten. Mr. Obey, have you anything to ask?

Mr. Obey. Yes, Mr. Chairman.

TRAINING TEACHERS OF INDIAN CHILDREN UNDER BILINGUAL EDUCATION

On page 24, teachers for Indian children, in the last paragraph you have the statement, "Support for training teachers of Indian children is available under other broad purpose authorities."

Could you outline for my benefit just what those are, please?

Dr. SMITH. I am sorry, I did not get to read the paragraph. You are on page ——?

Mr. OBEY. Page 24 of the justifications.

Dr. SMITH. The last sentence?

Mr. OBEY. Last paragraph, third sentence.

Dr. SMITH. Yes.

Within the authority of the bilingual education program there is opportunity for the training of teachers of Indian children.

Mr. OBEY. What is the budget for that purpose under bilingual this year as opposed to last year?

Dr. SMITH. I do not have the figure because that is in the elementary and secondary deputyship.

Mr. OBEY. I understand. The problem we have is that we keep seeing in these justifications that this and that program is now being taken care of somewhere else, and the function may be there but I doubt very much if the money is, sometimes.

Dr. OTTINA. We will be pleased to provide to you [illegible] for 1973 and 1974 out of the bilingual program for the record.

[The information follows:]

The estimate for bilingual education (ESEA VII) for both fiscal year 1973 and 1974 is $2,799,000.

Mr. OBEY. Offhand, can you tell me if there will be an increase for that program this year?

Dr. OTTINA. No, I imagine it will be constant.

Mr. MILLER. The total appropriation is constant so the subpart probably is.

Mr. OBEY. You say the total appropriation for that purpose is constant?

Mr. MILLER. For bilingual education.

INCREASE IN TEACHER CORPS FOR INDIAN EDUCATION

Mr. OBEY. You also mention here that under the Teacher Corps program there are also funds available.

How much has the Teacher Corps budget been increased this year over last year?

Dr. SMITH. It has not. But within that, priorities of course can be established.

May I supply for the record exactly what was utilized for last year and what is anticipated this year?

Mr. OBEY. Do you have any idea what it was and how it compares?

Dr. SMITH. Dr. White?

Dr. WHITE. Over $3 million.

Mr. OBEY. For which year?

Dr. WHITE. For this coming year.

Mr. OBEY. What was it last year?

Dr. WHITE. I will supply that.

Mr. OBEY. Has it been increased again or is it constant?

Dr. OTTINA. The 1974 estimate is contained here as $3.7 million. We will supply you what is currently the figure.

Mr. OBEY. Again, can you give me an idea? Has it been increased somewhat?

Dr. **Smith**. Yes, I think it has from last year.

Dr. **Ottina**. Our general impression that has somewhat increased, not markedly, but somewhat. We are just now funding the 1973 programs. So we would need an analysis of the new programs that are being fundeed to acquire that number.

We have not up until today's date funded all of the programs from the 1974 fund. But we will make that and supply that for the record.

Mr. **Obey**. I would like to have that, because while I do not have a lot of Indians in my district, I do have a number of small tribes. They have on occasion encountered difficulty in being taught in predominantly white schools by teachers who have really very little understanding of their culture or their personal problems.

[The information follows:]

Indian Education by Teacher Corps in 1974

Since Teacher Corps programs for fiscal year 1974 have not yet been announced, actual data on Indian education programs are not available. It is estimated, however, that funding for the program activity will remain at approximately the 1973 level, $4,130,659.

PREPARING TEACHERS OF INDIANS ON RESERVATIONS

Dr. **Smith**. Of course, I am sure you know that the caveat in the Education Amendment of 1972 changed the original Indian teacher education program from meeting that kind of need to the preparing of teachers of children who were on reservations.

Mr. **Obey**. On reservations?

Dr. **Smith**. Yes. So that has changed the priority within the context of this.

Mr. **Obey**. Yes, but my paint is that I think they are probably in much worse shape on the reservations than they are in the kind of situation which I just described which affects my people.

TEACHERS OF EXCEPTIONAL CHILDREN

On page 27 of your justifications, you mentioned—I have forgotten who it was who commented on the $4 million elimination in your budget—you said that function had now been transferred to Dr. Martin's department. But what about the money?

Dr. **Smith**. I think the functions were clearly transferred. The numbers of dollars may not be equal to the numbers of dollars that had been available under the separate EPA program.

Mr. **Obey**. Can anyone tell me what those dollars are?

Dr. **Smith**. Mr. Evans?

Dr. **Evans**. No.

Dr. **Ottina**. I am not sure I understand.

Mr. **Obey**. This morning, someone raised the question about the elimination of $4 million, under exceptional children on page 27 of the justifications, and someone responded "Yes, but that is deceiving because that has now been transferred to Dr. Martin's shop."

My point is, if the function has been transferred, how much of that $4 million is going along with it?

Dr. **Smith**. I would imagine it is about half.

Dr. Ottina. I have a slightly different recollection. Perhaps, so we are accurate, we would best check that.

Mr. Obey. Can you give me some kind of a guess offhand now?

Dr. Ottina. Mr. Smith guessed half.

Dr. Smith. I would guess half.

Dr. Ottina. I would guess it is more like none. Since we are confused, we should verify it.

Mr. Obey. If it is nothing, then the response made before was irrelevant. I come back to the original question. Why the cut? We were told yesterday by Dr. Martin how important that is. He admittedly did not rank it as his No. 1 priority, but why the overall cut?

Dr. Ottina. The cut was in the context of our feeling that we had, in Dr. Martin's budget, funds to provide for that kind of activity and that we had in our priority about the amount that we could devote to that kind of an effort and felt we could not utilize——

Mr. Obey. Overall in the budget, I do not care which little department it is in, but overall in the whole blessed budget, how much is being spent in fiscal 1974 for that purpose as opposed to 1973?

Dr. Ottina. My answer to that question, Mr. Obey, would be less than was spent in 1973. My estimate would be by that $4 million. I would very much appreciate the opportunity, since we have different recollections, to verify that for you.

Mr. Obey. Okay. My response would be if that is the case, it is outrageous.

[The information follows:]

Primary Activities in This Area Are Funded Under Part D of the Education Professions Development Act

The goal for EPDA is to allocate not less than 15 percent of all funds for training regular classroom teachers in the techniques of working effectively with exceptional children. In fiscal year 1973, $4,112,000 was allocated for this purpose; no funds are requested in fiscal year 1974. In addition to this direct appropriation, components dealing with exceptional children in the regular classroom have been incorporated into other program areas within EPDA. A strict accounting of dollars has not been possible for this activity.

The education for the handicapped appropriation has $2 million for training teachers of exceptional children in regular classrooms in fiscal year 1974, the same as in fiscal year 1973. This will be used to retrain 5,000 general education teachers who are part of the teacher surplus.

In addition to these activities, the States will have the discretion to use special education revenue sharing funds to train teachers in this area, if they have the need.

LITERARY RATES

Mr. Obey. I would like to go to the right to read program. On page 40 in the narrative, you say the purpose of this program, and I frankly do not know much about it—I do not know much about a lot of the things in this budget, being new on the subcommittee but you say the purpose of this program is to "substantially increase functional literacy in this country to insure by 1980, 99 percent of the 16-year-olds in the United States and 90 percent of the people over 16 shall be functionally literate."

What was the comparable percentage for 16-year-olds in, say, 1970 or 1971?

Dr. Holloway. Congressman, these figures reflect 1970 figures. What we are doing now is developing a procedure whereby we can measure the progress we have made overall in right to read. But this is a 1970 figure taken by the Harris survey of illiteracy.

Mr. **Obey**. I do not understand that. It says "to insure by 1980, 99 percent of the 16-year-olds in the United States shall be functionally literate." That says by 1980.

Dr. **Holloway**. Yes.

Mr. **Obey**. You are telling me that is the present statistic?

Dr. **Holloway**. The present statistics that we quote were taken in 1970 because right to read was perceived of as a 10-year effort and it was to have started in 1970, ended in 1980. This was the goal established for the program. So these statistics were taken by the Harris survey of functional literacy throughout the United States and reflects—that 18 million reflects that.

The goal was established so that by 1980, 90 percent of those would be literate.

Mr. **Obey**. I guess I am still not tracking.

My point is, you say you want 99 percent to be literate by 1980. That is the goal of the program, is that right?

Dr. **Holloway**. Yes, of the children who are in school. To eliminate illiteracy requires two things.

Mr. **Obey**. My point is, if the goal is 99 percent in 1980, what is the percentage today that are literate?

Dr. **Holloway**. Thirteen percent.

Mr. **Obey**. Thirteen percent are literate?

Dr. **Holloway**. Thirteen percent are illiterate, 87 percent are literate.

Mr. **Obey**. That was 1970, 13 percent were illiterate?

Dr. **Holloway**. Yes. That is adults we are talking about. The 13 percent relates to the adult population, not children.

Mr. **Obey**. I am still after the 16-year-olds.

Dr. **Holloway**. In 1970, 7 million elementary children were considered underachieving severely and would be potential illiterates if something did not occur.

We do not have that broken down in percentage, but I could easily compute that for you.

Mr. **Obey**. What I am trying to figure out is how much has that situation improved, how much has the percentage of illiteracy dropped between 1971 and 1973?

Dr. **Holloway**. We have contracted with national assessments to give us the information relative to the increase in literacy nationally and that will be out next year.

Mr. **Obey**. But you have no idea how much it has changed in the last 3 years?

Dr. **Holloway**. No, I do not.

Mr. **Obey**. You have no idea how much it changed between last year and this year?

Dr. **Holloway**. No, because the program was not even off the ground, even though the survey was completed, the program really got underway last year.

Mr. **Obey**. How much did you spend last year?

Dr. **Holloway**. $12 million.

Mr. **Obey**. You are spending how much this year?

Dr. **Holloway**. $12 million, as a line item. The Office of Education spends $462 million on reading and writing-related activities.

Mr. **Obey**. But this program?

Dr. **Holloway**. This aspect in the line item is $12 million.

Mr. **Obey**. You are asking for the same amount this year, right?

Dr. **Holloway**. Yes.

Mr. **Obey**. My question is, how do you improve the situation and reduce the 13 percent that are illiterate with an appropriation that remains the same over the years?

Dr. **Holloway**. It will be difficult, but we will try.

RIGHT TO READ PRIORITY IN OE

Mr. **Obey**. Well, we were told last year in hearings by the administration—I forget who said it—but his words were, "In the long run the right to read program will be one of the most important programs in the Office of Education."

What has changed that?

Dr. **Holloway**. Perhaps I should refer that to the commissioner.

Dr. **Ottina**. It has remained at the level of funding of the previous years and if you look through our budget programs, we have achieved that distinction on high priority programs. In putting together this program——

Mr. **Obey**. I would agree with that. But I think we part from there.

Mr. **Miller**. One thing I would like to argue a bit with you on, is your point that you cannot continue to close the gap on literacy with funding at the same level.

You can build all the roads in the United States by spending the same amount of money year after year. It is the same with a program like this.

Mr. **Obey**. Are you trying to tell me that if we spend $12 million a year between now and 1980 that we will in fact achieve 1 percent illiteracy?

Mr. **Miller**. I would throw that question to the witness.

The point I am making is, I think it leaves a false impression that if you spend the same amount of money every year, you are not gaining on the problem.

LEVEL OF FUNDING FOR RIGHT TO READ

Mr. **Obey**. My response to that would be if it is one of the most important programs in the office, I do not think a stable appropriation for it reflects the rhetoric. I doubt very much that we will be making much of an impact.

If I could ask this: What was your original request for funding for this program? What level was it when it went up from you?

Dr. **Holloway**. Me? I was negotiating inside for $25 million.

Mr. **Obey**. Could that $25 million effectively be used in your judgment?

Dr. **Holloway**. $25 million per year certainly would not eliminate illiteracy by itself, $100 million would not by itself.

One of the things we are trying to do in right to read is to involve all of the programs, some nine bureaus in the process of helping us focus on reading because, after all, that is what the schools are all about.

Mr. **Obey**. You say you asked originally for $25 million. Even recognizing that you may have done some of that for negotiating purposes, my question is, could you effectively use $25 million rather than $12?

Dr. **Holloway**. In all fairness, I think I have to say, "Yes", you could use it.

FUNDS FOR TECHNICAL ASSISTANCE

Mr. **Obey**. Page 41, could you explain this item? You mention in that top paragraph, "Right to read States will be expanded to include 28 additional State educational agencies."

You say, "it is anticipated all 50 States will be funded." Can you tell me what that particular amount of money is used for by each State involved?

Dr. **Holloway**. Yes. We ask the State department of education with a small bit of seed money to buy people on their staff, rather than to distribute the money to local school districts. The people on their staff do several things.

One, they help to interpret and implement the right to read plan of action, and set up guidelines. Second, they try to coordinate at the State level the various Federal and State-funded reading programs, just as we try to do in the Office of Education.

Third, they provide technical assistance to local school districts in improving reading.

And fourth, they utilize right to read programs that we have identified nationally that are effective and they become disseminators for right to read. Although it is a small amount, I could give you an example of one State that utilized $50,000 to influence $5 million in order to see that all of the reading programs come together to have a total impact.

VARIATIONS IN AMOUNTS TO STATES

Mr. **Obey**. Does each State agency receive the same amount of money or does it vary?

Dr. **Holloway**. It varies, but it is between $25,000 and $50,000, because that is what we can afford to give them.

The second part of your question, which had to do with why not all States are funded; not all States submitted. We have reviewed and improved internally the 20 additional States. They have met the criteria for approval.

Mr. **Obey**. You say that the $25,000 to $50,000 is based strictly upon the limitation of funds.

How high could you go under the authorization?

Dr. **Ottina**. There is no authorization for the right to read program. It is one of the programs which we request funding for under the Cooperative Research Act, which has a ceiling of, as I recall, $74 million.

Mr. **Keen**. $68 million.

Dr. **Ottina**. I stand corrected.

Mr. **Obey**. So the amount you give to each State for this purpose is pretty much up to your own judgment, given whatever amount of money you have to pass around?

Dr. HOLLOWAY. Yes. What we are trying to do is add trained people to the State educational agencies. We are also trying to stimulate States who would pass their own legislation, as your State has. They are enacting a right to read bill in the State of Wisconsin.

Mr. OBEY. They are trying.

Dr. HOLLOWAY. They tell me they are doing pretty well out there. But that is more or less the idea of our working with the State educational agencies.

ADULT EDUCATION TELEVISION PROGRAMING

Mr. OBEY. Then if I could go to page 41, item 12. "Funding of Adult Sesame Street Television Program." Is that really a high-priority item; is that worth more than some of the other things that you could be doing with the money?

Dr. HOLLOWAY. Right to read has taken that quite seriously, based upon our inability, with all of the moneys we have in the Office of Education to reach 18.5 million adults.

I am sure that figure has expanded by this time. So we want to work with the technology and adult basic education to jointly fund it.

To be more specific, we think it is important because there are some who will never come to a class, no matter how effective that class is. We feel this is one way to reach many people who will not have the time or inclination to come out to a class. We want to provide it in the homes.

Mr. OBEY. You really think that will be effective, an effective use of the dollars?

Dr. HOLLOWAY. I think so, if we can look at what happened in some of the other programs. We certainly will be looking carefully at them.

Right now the State of Kentucky is starting an adult television program. Of course, if we discover that they are not effective in helping to teach children to read, then of course we would not go into this. But we will be watching the current experiments very closely.

BENEFITS FROM CHILDREN'S EDUCATIONAL TV

Dr. OTTINA. Mr. Obey, the television workshop that produces Sesame Street last fall conducted an evaluation to ascertain how effective their program was in reaching children and if it was successful.

One of the effect's that they found was that parents who were from families whose children watched the program were also improving.

I have not seen the final results, but they did report that.

Mr. SHRIVER. Will you yield?

You say they conducted their own survey of the results of their own work?

Dr. OTTINA. No. I believe they had someone else do it.

Mr. GRAYSON. Educational Testing Service in this case did it for them.

TRAINING IN READING METHODOLOGY

Mr. OBEY. Page 42, you talk about the development of a plan for retraining all teachers in reading by the States. Do you really mean all?

Dr. HOLLOWAY. All that need it. That is what can be inserted there.

On a longitudinal basis, we would ask the State departments of education to set up training programs with the colleges and universities on a staff development basis to help teachers better improve their skills in the teaching of reading, not use our money.

Really, we should insert in there all teachers who need it.

Mr. **Obey**. Where are we in that regard? How many teachers who are involved in helping kids to read, in your judgment, are really up to snuff?

Dr. **Holloway**. Well, that is a difficult question. I can supply only part of the answer. I think it is fair to say that most—it is accurate to say that most elementary teachers receive only one course in the teaching of reading in their preparation. We feel that is inadequate. It would stand to reason they would need some on-the-job training.

Right to read's models are trying to show and demonstrate ways in which teachers can be better trained. So a large percent, let's say the majority would need some help in the teaching of reading at the local level.

Mr. **Obey**. This is one thing that really frustrates me because I remember a report on reading problems done in my hometown in 1957. At that time it was supposed to be a national high priority item to help kids to read and to reemphasize the training of teachers in that regard.

I just do not have the impression that we have made much progress at all in terms of teaching teachers how to teach kids to read. I could be all wet on that, but that is my impression.

Dr. **Holloway**. It is still a substantial problem. That is very evident, that we need to improve in that particular area.

ACCESS TO READING SKILLS COURSES

Mr. **Obey**. In your judgment, what is the problem? Do we not know enough about how you teach kids to read?

Is it that we have not had enough in the way of money?

What are the main reasons why this problem continues to drag on and on and on?

Dr. **Holloway**. One of the problems is that teachers have not had the opportunity to have courses in helping them to develop the skills for teaching reading. That is just one of the problems. That is a major problem.

I think when we ask teachers to be accountable, we have to be sure they have had the training to teach reading.

NATIONAL READING COUNCIL AND OTHER CONTRACTS

Mr. **Obey**. I get back to the point that Mrs. Green makes—I am not directing this at you but at Dr. Ottina; with all of the money that is spent for contracts, consulting, evaluation, I really wonder how much of that is useful when you have to balance off against that the inadequacy that we have in an area like this, where you would think you could get more direct results if you concentrated on it, rather than some of the things she has brought up.

Mrs. **Green**. Would you yield at that point?

Mr. **Obey**. Sure.

Mrs. **Green**. It is related directly to this. Mr. Obey mentioned the high priority of some items in teaching students to read. I would like to ask unanimous consent, just to save time, Mr. Chairman, to place in the record at the point following Mr. Obey's question the testimony which was given before my subcommittee last year on the right to read program and the Reading Council, to which right to read program funded $1.5 million in each of 2 years. I would ask those parts that are pertinent to this particular thing would be placed in the record at this point, simply not to take the time of the commitee to review it.

Mr. **Flood**. Without objection.

[The information follows:]

EXCERPT FROM HEARINGS BEFORE THE AD HOC SUBCOMMITTEE ON DISCRIMINATION AGAINST WOMEN OF THE HOUSE COMMITTEE ON EDUCATION AND LABOR
APRIL-MAY 1972

Mrs. Green. Now, Mr. Commissioner, the information that we have is not that at all. The articles of incorporation were filed in Delaware in August 1970. And the three incorporators were Mr. Walter Straley, Henry Dreyfus and Jim Webb. We have talked to Mr. Webb and he does not know much about either the Center or the Council and was asked to go on as a Democrat so that they would have balance.

And it was after that that the Council was formed and we find absolutely no document to indicate that the Council in any way controls or supervises the Center.

Mr. Marland. Well, I will ask Dr. Emery to speak to that and possibly to correct my impressions about the sequence of organization. Can you amplify on that?

Mr. Emery. Yes, I will be glad to speak to the point. The National Reading Center and the National Reading Center Foundation are synonymous terms. It was the National Reading Center Foundation that was incorporated in Delaware by the three gentlemen listed.

This nonprofit foundation, incorporated in Delaware and registered in Washington, was the legal organization that applied and made a proposal to the Office of Education to be funded to support the activities of the National Reading Council, so that there could be cooperation from the private sector in the national Right-to-Read effort.

So, this was created specifically for the purpose that there could be a grant or contract arranged. The Council members were named in July of 1970, as was the national chairman being appointed by the President.

Mrs. Green. I was mistaken. The articles of incorporation were filed on July 27 and the Council was announced on July 31.

Mr. Emery. Yes.

Mrs. Green. So, it was August 1 that the Center was organized?

Mr. Emery. Yes, the Center was technically organized, because they saw the need to create a legal organization so that they could get on with——

Mrs. Green. Then the Center is the vehicle for all the contracts and grants from the Federal Government?

Mr. Emery. That is correct.

Mrs. Green. Does the Council control the Center in any way legally?

Mr. Emery. The Council members originally numbering some 38, now numbering some 60—there have been changes in some five positions in the Council. From the Council, the chairman invited every interested member to volunteer to be a member of the board of directors which would be the policy-setting body of the National Reading Center Foundation or the National Reading Center.

Some 27 members of the present roster of Council members are members of the board of directors. And they meet and transact official business for the Center, consider policy matters and direct the policy decisions of the National Reading Center.

The staff then carries out the wishes of the board of directors.

Mrs. Green. How many are on that board?

Mr. Emery. Twenty-seven at the present time.

Mrs. Green. Do you require a quorum to be present when you make decisions?

Mr. Emery. The bylaws require that not less than five members be present before any business can be transacted. At the last meeting of the board—it was held last month in fact—I believe there were 15 or 13 members present.

Mrs. Green. How was the board chosen?

Mr. Emery. The board of directors were chosen by open invitation reiterated on various occasions by the national chairman saying that he chose not to select members of the board by himself. He thought that those members who had the interest and had the time from the Council——

Mrs. Green. But the invitation was extended——

Mr. Emery. Extended and repeated. As a matter of fact, at the last board meeting, invitations were sent to all members of the Council to sit in on the meeting.

Mr. Marland. May I add, Madam Chairman, we perceive in the Office of Education that the Council is indeed the governing body of the Center. We feel that it is like a board of trustees or a board of directors for similar institutions with which we are related.

For example, the many research centers and laboratories that we fund, each has its own board. The board role is being filled by the National Reading Council and its board of directors establishes policy and exercises control over the National Reading Center as its operating arm.

Mrs. Green. You talked about redoing the contracting and grant procedures. In August 1970, Mr. Straley announced the first contract to the Center in the amount of $1½ million.

This, by the way, was several weeks before the grant was awarded. We find in the files a note to Mr. Jake Maimone from Tess, and I presume that is one of the contract officers, Tess Diorio. It is dated August 7——

Mr. Marland. Of what year, Madam Chairman?

Mrs. Green. 1970. The hand-written note reads "I have a partially prepared contract on my desk. Mr. Leon Schwartz told me to proceed as though I had $1½ million. This should go through on Monday for the fiscal year 1971. It is a Nixon-Bell project already announced in the August 1 Star.

"Mr. Louis Mendez," who was head of the Right to Read at that time, "of the Commissioner's officer will be down to see us on Monday. There are multiple contracting budget questions to be discussed with the contractor.

"The contract must be executed by Wednesday. How about a grant? Love and prayers, Tess."

Now, do you really consider that that is the way we ought to be handling a million and a half dollar contract—to announce it before the grant is officially awarded? Obviously this is on a sole-source basis a nice arrangement that people make between themselves.

There certainly was no competitive bidding. What kind of confidence do you expect the Members of Congress to have in the contracting and grant procedures at the Office of Education when they are conducted in this fashion?

Mr. Marland. I repeat, Madam Chairman, that this happened in August of 1970 and none of the principals here today were involved. I would add further that the procedures for contracts and grants have considerably changed since that date and that the renewal of the contract with the National Reading Council and Center has been the subject of very serious scrutiny.

Mrs. Green. My counsel here reminds me that this is the first grant under the new procedures instituted by you.

Mr. Marland. I beg your pardon.

Mrs. Green. Is that——

Mr. Marland. I was not a member of the Office of Education at this time.

Mrs. Green. When did you come into the Office of Education?

Mr. Marland. December of 1970, Madam Chairman.

Mrs. Green. Thank you. Can you give us any indication that the situation is changing at OE?

Mr. Marland. Yes, and I would ask Mr. Filipy to discuss the procedures through which the second contract was awarded to the National Reading Council, in the light of the difficulties and experiences which we had in the first year of the contract. Ron?

Mr. Filipy. Recognizing the problems that we had with the first grant at the time the application for continuation came in, we ascertained that we did have a budget in terms and conditions that would require the grantee to come to us for approval of some of the subcontracts, for approval to switch amounts of money in the budget from one category to another and put in all of those terms and conditions that we felt would enable us to properly manage the grant. We established a very fine cooperation with Dr. Ruth Holloway's office, the budget officer, and we considered that the second——

Mrs. Green. And Dr. Holloway has never had any question about funding the National Reading Center?

Mr. Filipy. I could not answer that.

Mr. Marland. Dr. Holloway, if I might answer for the moment, and then ask her to amplify, Madam Chairman, has had a very lively hand in the renewal of the contract with the National Reading Center, and as the project officer has participated actively in the establishment of roles for the Center. She also negotiated with the Reading Center the appropriate functions for that Center, which I would be glad to cite in detail or submit for the record. Mrs. Holloway will speak for herself as to the ways in which she did govern and exercise supervision over the renewal of that contract.

Mrs. Green. Let me turn to some specifics.

It appears that the first written indication from the the Office of Education to the National Reading Center on the misspending of funds came in March 1971. On March 22. Mr. Maimone met with Dr. Emery after which the following memo to the files was written:

> Dr. Maimone met with Dr. Emery and Director Anthony Petrocconi, business manager of the National Reading Center. We discussed the material that we were requested to submit per letter of March 16.
>
> The discussion primarily concerned the lease that was signed by the National Reading Center on September 11, 1970. This lease commits the Center for 5 years of 22,000 square feet of space.
>
> The lease is very much a one-sided lease. It favors the landlord. The grants officer first saw this lease on March 25, 1971. Since the lease constitutes an agree-

> ment, the grant requires prior approval by the grants officer. This was not done by the grantee.
>
> The lease states vaguely that the landlord will pay up to 3.75 square feet for renovation and doesn't specify how it can be measured. Article 9 allows the tenant, the grantee in this case, to pay for items that are unallowable expenses.
>
> Article 28, the grantee gave 11,500 to the landlord and it is not payable to the lease until the last month of the five-year lease. This was not an allowable use of Federal funds.
>
> The grantee has already spent $105,000 for architects and construction costs that were not approved by the grants officer. The grantee is requesting $369,000 additional funds for those purposes. The grants officer informed the grantee that this is not allowable and to cease immediately on incurring additional costs for these purposes.
>
> The legislative authority does not allow funds for use for this purpose. Funds from section 4 of this act would have allowed costs for these purposes provided it would not have been commercial space owned by the grantee only.

"The 7 months budget needs to be reworked," and the grants officer recommended the changes needed, "and the grantee will submit a new budget."

> It was decided that meetings would be held on April 1 with Mr. Emery and Mr. Petroconi, Mr. Hughes and Mr. Maimone, to possibly have the lease rewrittend and that the cost be borne by the landlord.

However, no action was taken at all and on June 25, 1971, 3 months later, Mr. John Hughes of the Office of Education wrote the National Reading Center detailing $305,300 of misspent funds.

Yet we can find no positive action that was taken by the Office of Education to recover these funds or to stop payment on the grant. And shortly thereafter, the grant to which Mr. Filipy has just referred, another one of $1.4 million, was granted to the National Reading Center for a second year.

How do you account for this kind of custodianship of Federal funds?

Mr. MARLAND. May I first call attention, Madam Chairman, to the fact that the Office of Education did indeed exercise sharp initiative and responsibility in identifying discrepancies between appropriate Federal grant expenditures, and the terms of agreements that had been made by the National Reading Council and Center.

Mrs. GREEN. Well, Mr. Commissioner, you say you were given prompt consideration. There was apparently a lapse of 9 months before it ever came to the attention of the Office of Education.

You have told me that under the new procedures you have instituted that you are going to have continual monitoring. If you are monitoring, how can an expenditure of $305,300 escape the Office of Education?

What kind of monitoring are you doing?

Mr. MARLAND. I suggest you call on Mr. Muirhead to describe what kind of monitoring we are doing and what kind of measures we are taking to reconcile these differences and to see to it that any unauthorized Government funds are restored in the final decisions affecting this grant.

But I would point out again that the very evidence that you have cited, the action of responsible individuals monitoring a program and turning up discrepancies, ultimately led to General Accounting Office investigations.

We assume that the GAO investigations would not have occurred unless we had called attention to it.

Mrs. GREEN. But did you take any steps to recover the funds? Did you take any steps to stop payment? The only thing that we can find is that you gave the same organization that had misspent the $305,300, you gave them a contract for the next year on a sole-source basis.

Mr. MARLAND. I would not call them a firm, Madam Chairman. They are an established quasi-public body named by the President of the United States to carry out certain national objectives. Monitoring the contract was indeed a very active responsibility of the Office of Education during the months that you cited.

PARENTS LEARNING KITS FOR READING

Mr. **Obey.** On page 43, I notice a number of items, "work with chief State school officers association," you list 50 under the number and $110,000, for 1973; then for 1974, you list 50, but only $50,000. In the following line, parent kits, in 1973 you had 1,000 kits at $100,000; this year you have 2,000 at $25,000. Why the stable or increasing number but the declining dollars?

Dr. **Holloway.** Part of what right to read tries to do is develop a multiplier effect for all of our activities. The parent kits are being developed right now, 1,000 of them. We will learn from those, disseminate that knowledge, and increase that to 2,000, but for less money.

Mr. **Obey.** What are parent kits?

Dr. **Holloway.** To help the parents help to teach their children reading.

Mr. **Obey.** Where does the figure of 1,000 or 2,000 come from?

Dr. **Holloway.** That is what could be developed or is being developed with the grant we have given local scientists. It is being developed by parents themselves who have learned how to help their children.

Mr. **Obey.** I see.

OTHER OE FUNDS USED FOR READING PROGRAMS

Dr. **Smith.** Excuse me. May I ask one question before you leave the right to read?

I do not know whether it is important, but one of the things that Dr. Holloway did not specify was the whole question of the $400 million of other funds used for reading and the effort under Dr. Ottina's leadership that has been made for her to be able to have this cross-bureau reading activity. It is much more significant than Dr. Holloway alluded to.

It seems to me, at least for the record, that you should be aware of the internal changes that are occurring as a result of this activity.

I do not know whether you wish to have it, but I think it adds to the dimension of both the right to read dollars for direct program impact and the influencing of approximately $400 million in the Office of Education.

Dr. **Holloway.** Perhaps we could submit it for the record if you are interested.

Mr. **Obey.** Very well.

[The information follows:]

Insert, Page 2856

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Projects with Reading Components

Appropriation/Activity	Planned Activity	Fiscal Year Estimate (Dollars) 1971	 1972	 1973	 1974
Total, All Funds		$491,346,533	$493,318,360	$638,071,000	$67,700,000*
I. DISCRETIONARY FUNDS					
TOTALS		17,981,533	19,094,360	28,297,000	17,700,000
Elementary and Secondary Education:					
Supplementary Services: Special Programs and Projects (ESEA III)	20 New Demonstration Projects	2,980,000	2,980,000	3,500,000	1/
Dropout Prevention (ESEA VIII)	3 New Reading Components Plus Continuations	375,000	375,000	187,000	150,000
Bilingual (ESEA VII)	Reading Components Refined	480,000	480,000	1,000,000	1,000,000
Emergency School Assistance:	Reading Projects	---	---	2,500,000	2,500,000
ocational and Adult Education:					
Adult Basic Education: Special Projects (AEA)	lt Reading Level Requirements	250,000	250,000	347,000	---
Higher Education:					
Special Programs for the Disadvantaged (HEA Sec. 408):					
Upward Bound	Rea ills Projects	2,475,000	2,500,000	3,000,000	2/
Special Services in College	Pro teaching Reading Skills	825,000	825,000	1,400,000	2/
College Personnel Development:					
College teacher fellowships (NDEA IV)	Prospective Teacher Programs in Reading	10,000	10,000	18,000	3/

Appropriation/Activity	Planned Activity	Fiscal Year Estimate (Dollars)			
		1971	1972	1973	1974
Higher Education: (Cont'd)					
Training Programs (EPDA, Part E)...........	Institutes to Train Higher Education Personnel to Teach Reading to Disadvantaged Students	$ 274,998	$ 275,000	$ 209,000	$ 4/
	Fellowships for Students Preparing to Teach Reading	54,000	55,000	51,000	3/
Library Resources:					
Librarian Training (HEA II-B)................	Retrain Librarians in new Skills and Techniques in Implementing the Right to Read Program	50,000	50,000	---	3/
Educational Development:					
Cooperative Research Act:					
Reading..	National Reading Council	1,529,535	1,929,360	400,000	300,000
Educational Research..........................	Managed R&D Programs on Reading and Reading Related Activities	1,263,000	---	5/	5/
	Right to Read	---	---	11,600,000	11,700,000
Educational Laboratories and R&D Centers....	Pre-primary Support and Remedial Reading (Sesame Street)	2,000,000	5,000,000	2,000,000	1,000,000
	Programmatic Reading Development Projects	3,000,000	3,500,000	5/	5/
Educational Statistics......................	Anchor Test	---	---	185,000	150,000
	National Achievement Study	2,000,000	500,000	500,000	---
Education Professions Development...........	Career Opportunities Program	---	---	750,000	750,000
	Urban/Rural Programs	---	---	150,000	150,000
	Teachers of Bilingual Children	---	---	500,000	---
Dissemination................................	Descriptions of 35 Validated Exemplary Reading Programs	50,000	---	5/	5/
	Site Visitations to Exemplary Reading Programs	150,000	150,000	5/	5/
	ERIC (Reading Centers)	215,000	215,000	5/	5/

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Appropriation/Activity	Planned Activity	Fiscal Year Estimate (Dollars)			
		1971	1972	1973	1974
II. NON-DISCRETIONARY FUNDS					
TOTALS....................................		$473,365,000	$474,224,000	$609,774,000	$ 50,000,000*
Elementary and Secondary Education:					
Aid to School Districts: Educationally Deprived Children (ESEA I)..	New Reading Support Projects	330,000,000	330,000,000	400,000,000	1/ *
Supplementary Services: Supplementary Educational Centers (ESEA III)............................	State Plans Programs	15,116,000	23,500,000	25,000,000	1/ *
Library Resources (ESEA II)...............	School Library Support Projects	80,000,000	80,000,000	90,000,000	4/
Equipment and Minor Remodeling (NDEA III)...	Facilities Support Projects	6,500,000	---	---	---
Strengthening State Departments of Education (ESEA V)..................................	Special Support Projects	8,925,000	9,900,000	9,950,000	4/
Emergency School Assistance:.................		---	---	50,000,000	50,000,000
Education for the Handicapped:					
State Grant Programs (ESEA VI).............	Preschool and School Programs	1,824,000	1,824,000	1,824,000	1/ *
Vocational and Adult Education:					
Adult Basic Education (Adult Education Act): Grants to States.........................	Adult Education Reading Projects	25,000,000	25,000,000	30,000,000	1/ *
Library Resources:					
Public Libraries: Grants for Library Services (LSCA I)......	Right to Read Element in Public Library Support Projects	6,000,000	4,000,000	3,000,000	4/

1/ Consolidated into Special Education Revenue Sharing (Better Schools Act of 1973) in fiscal year 1974.
2/ Fiscal year 1973 base is the President's budget request. Due to the uncertainty of the base, no reliable estimate can be made for fiscal year 1974.
3/ Program is being phased out.
4/ No funds are requested for this program in fiscal year 1974.
5/ Program transferred to the National Institute of Education.
* Total is lower because estimates are not available. It is expected, however, that the States will continue to maintain their high priority in reading education.

ENVIRONMENTAL EDUCATION

Mr. **Obey**. On environmental education, you say, "The primary purpose of this legislation was to alert school systems to the need for including environmental subjects in their curriculum. It is believed that this has been largely accomplished.

How do you define that accomplishment?

Dr. **Smith**. Might I refer to our director of environmental education, Mr. Bogan.

Mr. **Bogan**. It is my understanding that the statement with regard to alerting school systems, the need to put the educational programs in place, has been achieved; that is, school systems are alerted to put environmental education in place.

Mr. **Obey**. You really think that they have done that sufficiently?

Mr. **Bogan**. Do I think they have put them in place or do I think they have been alerted to the need to put them in place?

Mr. **Obey**. Well, you can define it so that you have won your case before you begin to talk. That is really what that sentence does.

If anybody in this room believes that most kids know what the environmental story is, or for that matter most teachers in most school districts in the State, or in most universities for that matter, in my State or any other, I just invite you to go out and listen to a few of them. The kind of environmental education that is being taught in virtually every school I go into, and I was in a good many in my district last year.

Often it is a joke. There is very little basic understanding of the life support system that supports every person in this room. I do not—Mrs. Green was on the committee and she probably knows more about this than I do and she may disagree with me—but it was my own impression that this program was not meant in any sense to be a pilot program, that it was meant to, in fact, accelerate the development of environmental education in schools. I do not believe that we have even begun to do that. Do you disagree?

Mr. **Bogan**. Again, if we are talking about alerting school systems, I think we can state that that has been done.

If you are asking the larger question about putting programs in place, obviously we do not have programs in place in all the school systems.

Mr. **Obey**. How long has this program been in existence?

Mr. **Bogan**. This is the third year.

Mr. **Obey**. You think 3 years has been sufficient to alert people on that score?

Mr. **Bogan**. I think that the authorization for the program has expired and in earlier testimony I think Dr. Ottina made comments regarding the statement that appears in the budget, and he might want to comment further.

FEDERAL FUNDS DESIGNED TO STIMULATE ACTIVITY AT STATE LEVEL

Dr. **Ottina**. Mr. Obey, I think maybe the statement here might be in order, a general statement, not in regard to this environmental program but a statement at large, because it seems to me in your line of questioning we have come against the same concept several times. It is a basic point of departure about what the Federal role in education is all about.

The premise held here is that the Federal Government is not responsible for education, but States are, and that our role here is one of stimulating activity, demonstrating ideas, getting them to do things rather than the Federal Government assuming the full burden of responsibility to carry out programs.

So much of our discussion and our testimony has been aimed around that concept.

LACK OF FEDERAL COMMITMENT

Mr. **Obey**. I understand that. That brings me to I guess my whole case against this budget, because I could buy, I think, much of what you do in the area of education, with the exception of your exclusive use of BOG's and a few others like that, provided that there were some additional Federal support in the way of general education aid all across the country, because if you had that, then I think you would have a chance for these marginally popular programs back home to be funded at least at minimal levels.

But in the absence of the commitment which I thought was going to be coming from the administration last year to provide more than 7 percent of the cost of education from the Federal Government, then I have to question what you are doing in revenue sharing, because the programs that may be very important to a small group of recipients—and I do not mean the general lobbying groups that coalesce around them, I mean the kids, the programs that can be important for them—if they happen to be small in number, are going to get squeezed out on the local level unless you have enough bucks back there to give local school boards more inclination to support some of those programs.

That is my worry about this whole budget. You can talk all you want about the choices that the States make, but I do not have confidence that some very critical programs are going to be carried out.

I frankly do not believe that there is any greater national obligation than to alert people to some of the really basic problems that we have in the environmental area. I do not think we have even scratched the surface. We had a piquing of interest in the environment 3 years ago. Since that time, because people see what the cost is really going to be, what the inconvenience is really going to be, if we are going to face up to our responsibilities in that area, an awful lot of people and an awful lot of politicians have lost interest. That is why I just get a little upset when I read this kind of language all the time, because I do not think it states the true case at all.

That is all, Mr. Chairman.

Mr. **Flood**. Mrs. Green?

Mr. **Patten**. May I ask one question on this?

Mr. **Flood**. Mr. Patten.

ILLITERACY IN THE UNITED STATES

Mr. **Patten**. Too often I read indictment of our public school system and I do not like it, and I do not think it is justified.

Let us assume we have 54 million in primary and secondary schools today throughout America, with probably 2½ million teachers. Taking that situation, would you want to make a guess as to what the rate of illiteracy at age 16 is going to be among those who have attended our daily schools?

We are throwing a figure around here of 87 percent and other figures. I have seen these illiterates. I know where they came from. I think we ought to identify them a little bit so we have some respect for our educational system.

Those who go into our public schools at age 6 and reach the sixth grade won't have that illiteracy rate.

Dr. HOLLOWAY. Right.

We were talking about adults at that time.

Mr. PATTEN. I saw that crowd come from Europe, a million a year. I was the only fellow in fifth grade who could talk English, and that is an assumption.

I do not like to see our whole system indicted because we must have 27 million or 30 million people who never attended school 1 day in the United States in our regular system, and they are in our midst.

You heard me say probably that in my city we have one night school to learn to read and write English. 1,600 attend. Believe me, the women cry if they miss a night. They want to learn to read and write English.

This whole question of illiteracy should be put in the right context and not used as an indictment of our school system.

Dr. HOLLOWAY. I agree with you.

As a matter of fact, we have to say that most children do learn to read. We are focusing on under achievers, but in our schools most children learn to read.

TEACHING READING SKILLS IN FOREIGN COUNTRIES

Mr. PATTEN. How about if the committee takes a trip? I have a Hungarian telling me that every Hungarian child learns to read in 1 or 2 years and that we do not know how to teach the children.

Mr. Chairman, if the Hungarians teach all their children to read and write in 1 or 2 years, or if the Swedes do, or the Germans, let's take a trip there and see how they teach phonetics.

Mrs. Green?

GAO AUDIT OF NATIONAL READING COUNCIL

Mrs. GREEN. Mr. Chairman, one question only with regard to the right-to-read program, and the Right-to-Read Council. I want to just tie this up for my own files.

The GAO audit and the HEW audit both disallowed part of the $50,000 salary being paid to Dr. Emery of the Right-to-Read Council. They disallowed $10,000. Now after the hearings and after Dr. Emery was no longer associated with the Right-to-Read Council, it is my understanding that he was hired by your department, or he was paid out of your department as a consultant at $4,250 a month; is that correct?

Dr. OTTINA. I am not aware of that. Could you give me more specifically where that might have been?

Mrs. GREEN. He was hired as a consultant after he was no longer associated with the Council, with the Office of Education, at the salary of $4,250 a month.

I undestand it was for 4 months, which comes to about $10,000, a little bit more.

My question is: Is this accurate? From where did it come if the money did not come from your department, Mrs. Holloway?

Second, is Dr. Emery still a consultant with the Office of Education or any department or agency with HEW?

Dr. **Ottina.** I have no knowledge of that. I would be pleased to find out.

Mrs. **Green.** Yes.

I am just asking, would you do that for the record?

Dr. **Holloway.** I can say he is not a consultant to my knowledge now in the Office of Education.

Mrs. **Green.** But you are aware he was hired as a consultant immediately after he was no longer associated with the council?

Dr. **Holloway.** Yes.

[The following additional information was submitted:]

I can say that Dr. Emery is no longer associated with the right-to-read program in any way; however, from July 1, 1972, until September 30, 1972, he was employed on a subcontract as a consultant to the National Reading Center Foundation, and as such has never been on Office of Education personnel rolls. The terms of the contract required Dr. Emery to submit a three-part report to the foundation (one part per month) at a cost of $4,250 per month.

The report covered these subjects: (1) Section A—the goals, staffing, priorities, and policies of the National Reading Council for fiscal year 1973; (2) section B—the volunteer to the training activities of the Council and alternative systems for delivery of tutor training packages; and (3) section C—long-range goals, policies, and activities of the National Reading Council.

Mrs. **Green.** The work that we have done would show Mrs. Holloway runs a pretty ship-shape shop, Mr. Chairman.

Dr. **Holloway.** Thank you.

CONTRIBUTIONS FROM PRIVATE INDUSTRY

Mrs. **Green.** With regard to the estimate you made this morning, Mrs. Holloway, that industry has been contributing, how much money has industry contributed?

Up to last year when we held the hearings, industry had not contributed a dime to the Right-to-Read Council.

Dr. **Holloway.** Mrs. Green, the reference I made this morning was to three corporations who have asked to contribute to right to read in the Office of Education, not to the National Reading Council.

Mrs. **Green.** Would you provide for the record which industries and how much they have contributed?

Dr. **Holloway.** Yes. We are just in the process of negotiating.

Mrs. **Green.** They have not contributed as yet?

Dr. **Holloway.** No. But we are negotiating the amount and what we will do with it, that sort of thing, working out the legal way in which Government could work with industry.

Mrs. **Green.** As of this date, there has been no contribution by private industry?

Dr. **Holloway.** Right.

Mrs. **Green.** And the purpose of the Right-to-Read Council was to involve private industry and $3 million had to be taken out of your limited funds; in your colloquy with Mr. Obey, you indicated there were very important results to be achieved, very high priority items.

Yet in 2 years' time you apparently were required to give $3 million out of $24 million.

Dr. **Holloway.** That is right, $2.9 million.

Mrs. **Green.** Dr. Ottina?

Dr. **Ottina.** I just wanted to be sure there was not a misunderstanding. The contributions that Mrs. Holloway was referring to were not to the Right-to-Read Council.

Mrs. **Green.** She did clarify that.

Dr. **Holloway.** Yes.

Would you still like for the record those corporations and what they are intending to contribute?

Mrs. **Green.** I would like to have the industries that you now say are going to contribute.

Dr. **Holloway.** Yes.

[The information follows:]

Industries Actively Involved

The following corporations have initiated discussions to offer funds to right-to-read effort with the Office of Education:

Haas Foundation, Philadelphia, Pa.—contracted OE Right-to-Read Office for technical assistance in setting up model reading programs.

Xerox Corp.—contracted OE to help establish effective reading programs to sponsor national and world conference on reading—$1 million.

General Learning Corp.—$1 million.

Mrs. **Green.** I have heard that for 3 years, that industry was going to contribute so much and that justified the existence of the Council.

FUNDS FOR RIGHT-TO-READ COUNCIL

At what amount is the Council to be funded for fiscal 1974?

Dr. **Holloway.** Actually, Mrs. Green, we have not made a decision on it. As a matter of fact, we have not funded them for fiscal year 1973.

The Center and the Council are operating on carryover funds, although we had set aside, as you will notice in the budget, some $400,000 for it.

It think it is fair to say that we were not pleased with their activities so we have not funded them this year.

Under Dr. Ottina's supervision, we are undergoing a review, an intensive review, and will come up with the directions that we should go in terms of private sector involvement. So we do not really have any specific plans for giving any money until we have some assurance that what we do will make a difference.

Mrs. **Green.** Then may I speak just as the most freshman member of the committee, that until I know those figures, I, myself, would not be able to vote a dime for the right-to-read program in the Office of Education, because I think there is a sufficient case that any money that you—let me put it in a charitable way—are required to give in your department to the Right-to-Read Council ought to be deducted from the right-to-read program in OE.

TEACHER CORPS VERSUS GENERAL TEACHER EDUCATION

On page 2, in the Teacher Corps you want to fund that at $37.5 million. On page 10, you are suggesting:

We are not requesting funds for general teacher education programs because of the general surplus of educational personnel at the elementary and secondary level.

Increasing reliance on the operation of supply and demand in the private sector to attract persons into teacher shortage areas.

Dr. Ottina, how do you square this comment on page 10? You cut the funds where school districts might be able to train or retrain teachers that they have selected to work in the most difficult schools, then you ask for a $37.5 million funding again for the Teacher Corps, which is directed from Washington, D.C. Why should we fund the Teacher Corps and not fund the other program here?

Dr. SMITH. I am not sure that I have all of your question, so I want to be sure.

With regard to the Teacher Corps, we are focusing upon programs that are bringing new technology and new techniques to targeted areas.

With regard to general education, there are two sets of assumptions. No. 1 speaks to the opportunity for those persons who wish to be trained in specialized critical shortage areas to do so under the higher education program activities. No. 2, there is an assumption that in the context of revenue sharing, but even more importantly in the context of title I programing, there is opportunity for the retraining of staff from funds that are in the title I program.

Mrs. GREEN. Which is left to the States.

Dr. SMITH. Which is left to the localities.

TEACHER CORPS DIRECTED FROM FEDERAL LEVEL

Mrs. GREEN. But the Teacher Corps which is directed from the Office of Education where you try to mold teachers to your views, you want to continue that.

You say that you are targeting on teachers in particular areas. My State of Oregon has a training program and a retraining program targeted exactly in areas for teachers in difficult schools, or for teachers on Indian reservations, or with the community of Russians we have there, et cetera. I do not understand. What I see is a contradiction.

Dr. SMITH. There is a distinction as I see it. It may be thought of as subtle. The advantage of the Teacher Corps program is that it provides an opportunity through the use of Teacher Corps funds for the introduction of both new technology and new techniques into a system that is desirous of establishing change.

Mrs. GREEN. If I could interrupt there, the new technology and new techniques to which you refer—teachers are being trained exactly in that way by individual States. There are no differences. There are lots of States doing this. My city of Portland is using new technology and techniques.

Dr. SMITH. I think you will find that the Teacher Corps program has funded most of these efforts. Where they did not provide new funding; other EPDA programs did. But we did fund the Portland project.

Mrs. GREEN. In the Teacher Corps.

Dr. SMITH. Aside from the Teacher Corps.

Mrs. GREEN. I'm speaking of other teacher training programs. Will they be in revenue sharing?

Dr. **Smith**. No; that will not be in revenue sharing for Teacher Corps funds.

Mrs. **Green**. As I see it there is a contradiction. I do not think the evidence shows the Teacher Corps is worth the money that has been spent on it.

Let me go to two others.

FEDERAL FUNDS FOR EDUCATIONAL BROADCASTING

For the record, Dr. Ottina—I do not know whose department this comes under—I am confused by the amount of money you are asking for educational broadcasting and the amount that the Arts and Humanities are requesting for educational broadcasting and documentaries and other programs. I talked to them a few days ago. I'm interested in the amount that is provided in other legislation for educational broadcasting.

Would you provide the total amounts?

Dr. **Ottina**. Yes.

[The information follows:]

Federal Funds for Educational Broadcasting

Facilities.—The educational broadcasting facilities program is the only Federal program which provides direct support for building or improving telecommunications facilities of noncommercial broadcasting stations. In fiscal year 1973, $13 million has been requested; in fiscal year 1974, $10 million.

Programing.—In fiscal year 1973, atotal of $17 million has been allocated to support children's television programs.

[In millions of dollars]

	Fiscal year [1] 1973	Fiscal year 1974
Cooperative Research Act Sesame Street and the Electric Co	6.0	3.0
Mr. Rogers Neighborhood (parents)	.3	
Emergency School Assistance Act—TV set-asides in sec. 711	9.2	9.2
"Bilingual Education Act," title VII, ESAA for bilingual Children's TV	1.5	
Total, Office of Education	17.0	12.2

[1] Not including TV films for the handicapped, 1973–74 estimate is around $200,000.

Programing Support From CPB

Requests for the Corporation for Public Broadcasting include $35 million for fiscal year 1973 and $45 million for fiscal year 1974. Of this amount, for example, $5 million will go to support production and operational costs of Sesame Street and The Electric Company. CPB plans for supporting educational TV films include:

[In millions of dollars]

	Fiscal year 1973 [1]	Fiscal year 1974
Sesame Street/Electric Co	5.00	5.00
A new science series		.60
"Theater in America" series		1.00
"Mr. Rogers Neighborhood"	.55	.65
"Black Journal"	.35	.35
"WNET Opera"	.226	.20
"The Advocates"	.433	.433
Total, Corporation for Public Broadcasting	6.559	8.223
Total	23.559	20.433

[1] Source CPB annual report.

In addition to the above, which represent the major support of educational TV films by the Federal Government, other agencies such as the Arts Endowment, the National Endowment for the Humanities, and the Agriculture Department also produce agency-related films and spot announcements. These films, however, are rarely offered to public broadcasting stations.

Dr. Ottina. As a point of clarification, you mean specifically educational broadcasting facilities portion of that line item?

Mrs. Green. No; I mean the whole operation.

I want to know how much we are spending in different departments and agencies for both stations and programing.

COMPUTER SERVICES

The last question is on computers.

How much have you spent in OE on your computer program?

Dr. Ottina. We do not even have a computer. We utilize the HEW computer.

Mrs. Green. How much has HEW spent on that?

Mr. Miller. I cannot give you the figures.

Mr. Miller. I will give a complete breakdown of the amount of charges for computer services in the Office of the Secretary by operating agencies.

[The information follows:]

Following is a breakdown of the amount of charges for computer services provided by the Data Management Center, to HEW offices located in southwest Washington.

	Fiscal year—	
	1972 actual	1973 (July-February)
Office of the Secretary	$2,697,700	$1,759,600
Social and Rehabilitation Services	337,300	297,200
Office of Education	2,972,900	2,120,100
Social Security Administration	643,800	378,000
Health Services and Mental Health Administration	2,500	900
Food and Drug Administration	22,900	20,900
Total	6,677,100	4,558,700
Full year (estimate)		6,838,044

Mrs. Green. That is all, Mr. Chairman.

FEWER TEACHER CORPS INTERNS PER PROJECT

Mr. Conte. With regard to the Teacher Corps, you indicate that 33 more projects will be funded than were funded last year. Yet, this is to be done with the same amount of money as last year. How will this affect the efficiency of these programs?

Dr. White. Based upon our experience with Teacher Corps projects over the past 7 years, it is suggested that a nominal increase in the number of projects with a corresponding decrease in the number of interns per project should substantially improve the quality of the projects and the number of children to be involved.

Mr. Conte. Do you expect that there will be other sources of support to fill in the gaps created by spreading your resources thinner?

Dr. White. We expect that the local education agencies and the institutions of higher education will move successful elements from Teacher Corps programs into their regular educational curriculum.

LOCATION OF TEACHER CORPS

Mr. Conte. How many of the Teacher Corps projects are at institutions of higher learning and how many are at local education agencies?

Dr. White. We have 119 Teacher Corps projects at institutions of higher education and 193 Teacher Corps projects at local education agencies in 36 States and Puerto Rico and the District of Columbia.

Mr. Conte. Is this mix expected to change for fiscal year 1974?

Dr. White. Yes, we expect this mix to change but not significantly. This expected increase will possibly manifest itself in the number of participating local education agencies.

URBAN/RURAL PROGRAM LAST 5 YEARS

Mr. Conte. On page 20 you are requesting less than you did last year for the elementary and secondary development program. Are you projecting a total local takeover of these programs in the near future?

Dr. Smith. The Urban/Rural School Development Program was designed as a 5-year program. During that period of time, the projects funded should be able to achieve the basic objectives of the program. In some cases, there will be no takeover of the program itself, because it will have achieved the changes it sought; in these cases, it will be the continuing support of the institutional changes that will be supported by local program itself in other schools in order to spread the benefits throughout other parts of the system.

Mr. Conte. Do you think that you will be starting any other similar projects to evaluate different models?

Dr. White. No. The urban/rural school dveelopment program constitutes one approach to improving educational services to a target population of students from low-income families. The projects within this program provide sufficient variations on this approach to make it unnecessary and undesirable to initiate any new starts.

DISSEMINATION OF PROGRAM ACCOMPLISHMENTS

Mr. Conte. How much of the appropriation requested will be used for the purpose of the dissemination of the studies of the accomplishments of the supported projects?

Dr. Smith. Dissemination of studies of the accomplishments of the projects is a primary responsibility of the Stanford Urban/Rural Leadership Training Institute, which in fiscal year 1974 is to receive an estimated $350,000. In addition, individual projects will be allocating portions of their budgets to dissemination activities in concert with the Stanford LTI; it is not possible to specify the total sum from all projects at the present time, because the amount allocated for dissemination purposes varies each year depending upon the achievements of projects.

CAREER OPPORTUNITIES PROGRAM

Mr. CONTE. You are requesting less money for the Career Opportunity Program. Yet you are projecting serving the same number of students at the same number of sites. Will anything be cut back to effect this "savings"?

Dr. SMITH. No. During the academic year 1973–74, there will be a sufficient number of COP participants graduating or otherwise terminating their courses of study to absorb the decrease in the budget request.

Mr. CONTE. As paraprofessionals, what kinds of activities are the participants in the Career Opportunities Program engaged in?

Dr. SMITH. The paraprofessionals are placed on a career ladder and have increasingly more complex roles as they move up the ladder. For example, at Step I, the paraprofessional might assist the teacher in managing the learning environment (the classroom); at Step II, he might be responding to needs of individual children; at Step III, he might, under direction of the teacher, be developing and conducting learning activities with pupils; and at Step IV, he would be moving as rapidly as possible in becoming a full partner with the teacher in the learning environment.

OTHER PROGRAMS FOR TEACHERS OF INDIAN CHILDREN

Mr. CONTE. You are requesting no funds for the continuation of the categorical program for teachers of Indian children. Are you sure that the other programs will be sufficient to meet the need?

Dr. SMITH. The proposed Better Schools Act of 1973 contains two sources of funds for this purpose. First, there is a general set-aside of funds to support the efforts of BIA-operated schools. This money can be used, in part, for teachers in these schools. In addition, the earmarked funds for supporting materials and services may be used by the States and localities for teacher training activities, including training designed for teachers of Indian children in public school systems. These funds will more than compensate for the amount originally programed in EPDA.

TEACHER CORPS PROJECTS SERVING INDIANS

Mr. CONTE. How much of the Teacher Corps money went into Indian education last year?

Dr. WHITE. $4,130,659 is being spent in fiscal year 1973 for Indian projects.

[A listing of these projects for fiscal years 1972 and 1973 is shown below:]

TEACHER CORPS PROJECTS - INDIAN AREAS

Institutions	Fiscal Year 1972	Fiscal Year 1973
Northern Arizona Univ, Flagstaff	252,969	299,114
Keams Canyon School Dist., Keams Canyon, Az	16,783	44,326
Bureau of Indian Affairs Schools:	52,020	367,406
Dilcon Boarding School, Dilcon, Az		
Leupp Boarding School, Leupp, Az		
Oraibi Day School, Oraibi, Az		
Second Mesa Day School, Second Mesa, Az		
Shonto Boarding School, Shonto, Az		
Teecnospos Boarding School, Teecnospos, Az		
Alaska State-Operated Schools, Anchorage:	234,000	234,000
Angoon School, Angoon		
Bethel Elem. School, Bethel		
Fort Yukon Elem. School, Fort Yukon		
Metlakatla Elem. School, Metlakatla		
Nondalton School, Nondalton		
Noorvik School, Noorvik		
Nulato Elem. School, Nulato		
Point Hope School, Point Hope		
Togiah School, Togiah		
Tanana Elem. School, Tanana		
University of Alaska, Fairbanks		
Alaska Methodist Univ., Anchorage		
Eastern Montana College, Billings	208,970	147,137
Saint Labre School, Ashland	72,597	72,597
Lame Deer School, Lame Deer	74,499	74,499
Hardin School District, Hardin:	118,147	118,147
Crow Agency School, Crow Agency		
Ft. Smith School, Ft. Smith		
Pryor Elem. School, Pryor	32,551	32,551
Billings School District, Billings:	116,467	116,467
Taft School, Billings		
Garfield School, Billings		
University of North Dakota, Grand Forks	352,526	352,526
Fort Yates School District, Fort Yates	87,389	87,389
Dunseith School District, Dunseith	91,840	91,840
Couture School District, Couture:	95,250	95,250
Turtle Mountain Community School, Belcourt		
Solen School District, Solen:	117,858	117,858
Solen Elem. School, Solen		
Cannon Ball School, Cannon Ball		
Devils Lake School District, Devils Lake:	39,009	39,009
Sweetwater School, Devils Lake		
Fort Totten Elem. School, Fort Totten	33,163	38,163

Institutions	Fiscal Year 1972	Fiscal Year 1973
Black Hills State College, Spearfish, South Dakota	341,478	341,478
Todd County School District, Mission, S. D.	75,334	75,334
Shannon County School District, Batesland, S. D.:	53,849	53,849
Oglala Community School, Pineridge, S. D.		
Rapid City School District, Rapid City:	72,904	72,904
General Beadle School, Rapid City		
Cheyenne-Eagle Butte School, Eagle Butte	70,757	70,757
Sisseton Ind. School District, Sisseton:	65,683	65,683
Westside School, Sisseton		
Sisseton High School, Sisseton		
Peever Elem. School, Peever, S. D.		
BIA-Aberdeen, S. D.:	76,476	76,476
Little Wound Day School, Kyle, S. D.		
Lower Brule School, Lower Brule, S. D.		
Flandreau Indian School, Flandreau, S. D.		
University of Wisconsin, Stevens Point	276,097	166,400
Webster School District, Webster:	10,421	41,300
Danbury School, Danbury		
Hayward School District, Hayward:	9,579	35,400
Lake School, Hayward		
Ashland School District, Ashland:	19,422	35,400
Ellis Elem. School, Ashland		
Bayfield School District, Bayfield	14,050	35,400
University of Wisconsin, Madison, Wisc.	41,274	219,500
Black River Falls School District, Black River Falls:	32,000	96,400
Forest Street School, Black River Falls		
Black River Falls Jr. High, Black River Falls		
Bowler School District, Bowler	32,000	141,600
Cranden School District, Cranden	17,503	
Mole Lake School, Cranden		
Menominee County Catholic Schools	——	35,533
St. Anthony School, Keshena		
St. Joseph School, Neapet		
Weber State College, Odgen, Utah		
Intermountain Indian School, Brigham City	49,989	49,989
Idaho State University		
Fort Hall Elem. School	27,500	27,500
Western Washington University, Bellingham		
LaConner School District, LaConner	79,207	79,207
Cape Flattery School District, Clallam Bay	41,267	41,267
Neah Bay School, Neah Bay		
Quillaynte Valley School District, Forks	41,003	41,003
Forks Intermediate School, Forks		
Total	3,448,831	4,130,659

TEACHER TRAINING UNDER ESEA VII

Mr. CONTE. On page 25 you state that support for the training of bilingual teachers is authorized under Title VII of ESEA as one of the reasons why this program is no longer needed. How much money is the administration asking for under Title VII of ESEA?

Dr. SMITH. We are requesting $35 million for bilingual education under Title VII of ESEA. A portion of these funds will be used for teacher training, but a definite amount cannot be determined at this time.

RETRAINING OF GENERAL EDUCATION TEACHERS

Mr. CONTE. You indicate in the requested withdrawal of support for a number of programs directed to getting teachers into specified fields like exceptional children and vocational education that you believe that there will be enough trained personnel available through supply and demand mechanisms and through the educational revenue sharing. What if this doesn't work?

Dr. SMITH. Revenue sharing funds will have sufficient flexibility in them to enable States to make administrative adjustments should supply and demand mechanisms not work. In addition, existing legislation in the Higher Education and Education for the Handicapped budgets also contain sufficient flexibility so that administrative adjustments can be made to remedy imbalances arising from the working of supply and demand mechanisms.

TRAINING HIGHER EDUCATION PERSONNEL

Mr. CONTE. On page 32 you state that no funds are being requested for institutes or short term training programs. Why not?

Dr. SMITH. First, in determining the amount of funds to be allocated to various OE programs in higher education, it was decided to give highest priority to support of student financial aid programs.

In addition, although the need for inservice training of higher education personnel continues, particularly in the junior colleges and developing institutions, this need will be met by the increase in funds requested for title III of the Higher Education Act, which provides grants for strengthening developing institutions. Title III money may be used for faculty improvement or administrative improvement in these colleges. In fiscal years 1973 and 1974, the administration is requesting $99,992,000 for title III for each fiscal year, an increase of almost $48 million over the fiscal year 1972 appropriation level. Thus, title III will take over a large part of the training previously funded under EPDA part E.

FEDERAL EDUCATION BROADCASTING FUNDS AS "SEED DOLLARS"

Mr. CONTE. With regard to the educational broadcasting facilities on page 36, you state that you expect that the Federal role in supporting educational TV will be transferred to State, local, and regional efforts by 1976. Where will they get the money to do this?

Mr. GRAYSON. Since the beginning of the Federal broadcasting facilities program in 1963, emphasis has been on providing "seed dollars" for the encouragement of local, State, and private investments. Each Federal dollar has stimulated $11 of local support. Initially, most of the Federal support attempted to encourage the activation of minimal new public stations. As the majority of the Nation came within range of these public radio and television signals, emphasis shifted to grants for the expansion of operating stations toward minimal comparability with commercial stations. For example, the present effort is to provide most stations with equal power and the basic capacity to record and broadcast TV programs in color.

In fiscal years 1973 through 1976, the Federal commitment will continue to focus on expansion and improvement of existing radio and TV stations toward comparability with commercial stations. During this time, the broadcast facilities program will help stations expand their signal strength and quality (for example, color TV).

It is anticipated that during this time, and extending beyond fiscal year 1976, the corporation for public broadcasting (CPB) will continue to provide direct grants to local stations for operational support.

Mr. CONTE. Do you think that they will?

Mr. GRAYSON. Yes, in addition, to the support from CPB, other various finance mechanisms, which would provide a stimulus to the National public broadcasting system, are presently being considered by CPB and the long-range finance task force for public broadcasting.

INCOME OF CHILDREN'S TELEVISION WORKSHOP

Mr. CONTE. You indicate that it is anticipated that part of the funds for the children's television workshop will come from their own income. How much is this income?

Mr. GRAYSON. This year, approximately 10–15 percent of CTW's income came from revenue derived from the sale of their own nonbroadcast educational materials. This was about $1 million and is expected to increase next year.

SUPPORT FROM CORPORATION FOR PUBLIC BROADCASTING

Mr. CONTE. Will the corporation for public broadcasting be able to support the workshop in light of the size of its own budget and all its other priorities?

Mr. GRAYSON. The corporation for public broadcasting has already announced plans to provide CTW with $5 million in fiscal year 1973, and fiscal 1974. With a grant of $6 million (over a 3-year period) from the Ford Foundation, CTW is actively exploring ways to generate sources of income other than Federal grants. At this time, it is difficult to determine the extent of Federal support needed by CTW beyond the next 2 years.

DECISIONS ON DRUG ABUSE EDUCATION

Mr. CONTE. When is it anticipated that the special action office on drug abuse prevention will make some decisions on the number of programs that it will approve support for in drug abuse education? What is the special action force concerned about where it wants to keep the number of education projects to a minimum?

Dr. Nowlis. The special action office for drug abuse prevention, which was created by Public Law 92-255, has been surveying and evaluating the drug abuse education, prevention, treatment, and rehabilitation programs of all Federal agencies pursuant to its mandate to coordinate and maximize the Federal effort. On the basis of this information it is developing recommendations for a national strategy for drug abuse prevention.

Title III of the Drug Abuse Office and Treatment Act of 1972 (Public Law 92-255), establishes a National Strategy Council which will review both drug abuse prevention and drug traffic prevention and make recommendations to President Nixon. It is expected that the President will announce the national strategy within the next few weeks.

The same legislation creates a National Institute on Drug Abuse in the National Institute of Mental Health effective December 31, 1974, with the mandate to develop and conduct comprehensive health, education, training, research, and planning programs for the prevention and treatment of drug abuse and for the rehabilitation of drug abusers. The special action office is involved with planning for the smooth transition of programs and funds to the new institute.

Public Law 92-255 also provides that major Federal funds for drug abuse be allocated to the States in formula grants in support of comprehensive State plans.

In view of this it is difficult to provide any concrete answers to your questions.

RIGHT TO READ IN ALL STATES

Mr. Conte. You are intending to extend the right to read program to all 50 states with the same amount of money. Do you anticipate that the States will be willing to come up with the funds to effectively continue the ongoing programs and to provide adequate support for the new ones?

Dr. Holloway. States will be willing to come up with funds to effectively continue the ongoing right to read programs if they can receive matching funds.

They will also provide adequate support for new programs if these programs are well planned, productive, and if they give evidence of being replicated.

Most States have recognized the need for and made a commitment to continue Right to Read beyond Federal funding because of the urgency of erasing illiteracy.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Educational Development

Amounts Available for Obligation

	1973 Revised	1974
Appropriation	$184,850,000	$120,375,000
Enacted supplemental appropriation	81,165,000	---
Proposed supplemental appropriation	57,700,000	---
Subtotal, appropriation	323,715,000	120,375,000
Real transfer to:		
"National Institute of Education"	-17,000,000	---
Comparative transfers to:		
"Elementary and Secondary Education"	-92,780,000	---
"Occupational, Vocational, and Adult Education"	-10,000,000	---
"Salaries and Expenses"	-11,155,000	---
"National Institute of Education"	-7,000,000	---
Subtotal, budget authority	185,780,000	120,375,000
Enacted appropriation proposed for recission	-11,890,000	---
Total, obligations	173,890,000	120,375,000

Obligations by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
	Education professions development:			
18	(a) Teacher Corps	$ 37,500,000	$ 37,500,000	$ ---
19	(b) Elementary and secondary development	53,660,000	33,875,000	-19,785,000
20	(1) Urban/rural	(12,135,000)	(11,022,000)	(-1,113,000)
22	(2) Career opportunities	(23,572,000)	(22,853,000)	(-719,000)
24	(3) Categorical programs	(13,841,000)	(---)	(-13,841,000)
27	(4) Exceptional children	(4,112,000)	(---)	(-4,112,000)
29	(c) Vocational education	6,900,000	---	-6,900,000
30	(d) New careers in education	500,000	---	-500,000
32	(e) Higher education	8,000,000	2,100,000	-5,900,000
34	National priority programs:			
	(a) Educational technology demonstrations	19,000,000	13,000,000	-6,000,000
35	(1) Educational broadcasting facilities	(13,000,000)	(10,000,000)	(-3,000,000)
37	(2) Sesame Street and The Electric Company	(6,000,000)	(3,000,000)	(-3,000,000)
38	(b) Drug abuse education	12,400,000	3,000,000	-9,400,000
40	(c) Right to read	12,000,000	12,000,000	---
44	(d) Environmental education	3,180,000	---	-3,180,000
45	(e) Nutrition and health	2,000,000	---	-2,000,000
46	(f) Dropout prevention	8,500,000	4,000,000	-4,500,000
48	Data systems improvement:			
	(a) Educational statistics:	4,250,000	7,900,000	+3,650,000
49	(1) Surveys and special studies	(4,250,000)	(7,400,000)	(+3,150,000)
52	(2) Common core of data	(---)	(500,000)	(+500,000)
55	(b) National achievement study	6,000,000	7,000,000	+1,000,000
	Total obligations	173,890,000	120,375,000	-53,515,000

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Printing and reproduction	$ 127,000	$ 227,000	$ +100,000
Other services:			
Project contracts	4,160,000	6,858,000	+2,698,000
Grants, subsidies and contributions	169,603,000	113,290,000	-56,313,000
Total obligations by object	173,890,000	120,375,000	-53,515,000

Summary of Changes

1973 Estimated obligations	$173,890,000
1974 Estimated obligations	120,375,000
Net change	-53,515,000

	Base	Change from Base
Increases:		
A. Built-in:		
1. Teacher Corps	$ 19,260,800	$ +239,200
B. Program:		
1. Surveys and special studies	4,250,000	+3,150,000
2. Common core of data	---	+500,000
3. National achievement study	6,000,000	+1,000,000
Subtotal	---	+4,650,000
Total, increases	---	+4,889,200
Decreases:		
A. Built-in:		
1. Teacher Corps	18,239,200	-239,200
2. Dropout prevention	8,500,000	-4,500,000
Subtotal	---	-4,739,200
B. Program:		
1. Urban/rural	12,135,000	-1,113,000
2. Career opportunities	23,572,000	-719,000
3. Categorical programs	13,841,000	-13,841,000
4. Exceptional children	4,112,000	-4,112,000
5. Vocational education	6,900,000	-6,900,000
6. New careers in education	500,000	-500,000
7. Higher education	8,000,000	-5,900,000
8. Educational broadcasting facilities	13,000,000	-3,000,000
9. Sesame Street and The Electric Company	6,000,000	-3,000,000
10. Drug abuse education	12,400,000	-9,400,000
11. Environmental education	3,180,000	-3,180,000
12. Nutrition and health	2,000,000	-2,000,000
Subtotal	---	-53,665,000
Total, decreases	---	-58,404,200
Total, net change	---	-53,515,000

Explanation of Changes

Increases:

A. Built-in:

1. Teacher Corps.--The number of continuing participants increases by 14 in fiscal year 1974 from 3,216 to 3,230.

Increases: (cont'd)

B. Program:

1. Surveys and special studies.--About $1,470,000 of the increase is to fund the Joint Federal-State Task Force on Evaluation which was funded by the planning and evaluation activity in fiscal year 1973 at the level of $840,000. The remaining increase of $1,680,000 will be used to initiate a survey of non-collegiate post-secondary schools, for expediting publication of reports, and for the first follow-up of the National Longitudinal Study of the High School Class of 1972.

2. Common core of data.--This request will continue planning for an integrated and interlocking system of educational statistics to meet the needs of educational agencies and institutions for planning and management.

3. National achievement study.--The increase of $1,000,000 will provide for more dissemination and reporting of results, increased technical assistance to States, and the development of analysis and reporting formats for comparing first and second cycle data.

Decreases:

A. Built-in:

1. Teacher Corps.--This decrease is a result of the increase in continuation costs. As a result, the number of new participants will be 14 less than the 1,700 that were funded in 1973.

2. Dropout prevention.--Of the 21 projects funded in fiscal year 1973, only nine will be continuing. Two new projects started in 1973 were for one year only. In addition, 10 five-year projects started in 1969 received their final year of funding in fiscal year 1973.

B. Program:

1. Urban/rural.--The decrease is caused by reducing the funding level of continuing projects. The number of projects will remain the same as in 1973 at 41 operational projects and 12 developmental assistance projects.

2. Career opportunities.--The request will fund 130 projects which will train 8,800 educational personnel, the same level as in 1973, but at a reduced funding level.

3. Categorical programs.--The 1973 funding level of $13,841,000 includes $2,730,000 for training teachers of Indian children, $2,730,000 for training bilingual education personnel, and $8,381,000 for other educational personnel development. These programs are not being continued in 1974.

4. Exceptional children.--This program, funded at a level of $4,112,000 in fiscal year 1973, is being discontinued in 1974.

5. Vocational education.--This program, authorized by Part F,of the Education Professions Development Act, was funded at $6,900,000 in 1973. No funds are requested for fiscal year 1974.

6. New careers in education.--Since there is a current and projected teacher surplus, this program will be discontinued in 1974. The 1973 level of funding is $500,000.

7. Higher education.--In fiscal year 1974, no funds are requested for institutes and short-term training programs which were funded at $5,132,000 in fiscal

year 1973. A reduction of $768,000 in the fellowship program will drop the number of fellowships by 119, from 441 in 1973 to 322 in 1974.

8. Educational broadcasting facilities.--The reduced funding level of $10,000,000 will provide support for 52 projects, a decrease of 23 from the 1973 level of 75 projects.

9. Sesame Street and The Electric Company.--The funding level is being decreased from $6,000,000 in 1973 to $3,000,000 in 1974 because of decreased requirements in the development area coupled with increased self-generated revenue by the Children's Television Workshop.

10. Drug abuse education.--The program is being decreased because the basic purposes of the Drug Abuse Education Act of 1970 have been fulfilled. Under the new legislative authority of the Drug Abuse Office and Treatment Act of 1972, continuing support will be provided to local communities and various colleges.

11. Environmental education.--This program, funded at a level of $3,180,000 in 1973, is not being continued in fiscal year 1974.

12. Nutrition and health.--No funds are requested for this program in 1974. The 1973 level of funding was $2,000,000.

Authorizing Legislation

	1974	
Legislation	Authorized	Appropriation requested
Elementary and Secondary Education Act:		
Title VIII — General Provisions: Section 807 -- Dropout prevention projects........	$ 1/	$ 4,000,000
Education Professions Development Act:		
Part B-1 — Teacher Corps...........................	2/	37,500,000
Part D -- Improving training opportunities for personnel serving in programs of education other than higher education.............................	2/	33,875,000
Part E — Training programs for higher education personnel...	2/	2,100,000
Communications Act of 1934:		
Title III, Part IV -- Grants for non-commercial educational broadcasting facilities..............	1/	10,000,000
Cooperative Research Act..............................	68,000,000	29,900,000 3/
Drug Abuse Office and Treatment Act of 1972:		
Section 410 -- Special project grants and contracts.	100,000,000	3,000,000

1/ Pending extension legislation.

2/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

3/ An additional amount of $35,000,000 is requested under this authority under the Occupational, Vocational, and Adult Education appropriation account.

Elementary and Secondary Education Act of 1965

TITLE VIII—GENERAL PROVISIONS

DROPOUT PREVENTION PROJECTS

SEC. 807.

(c) For the purpose of carrying out the provisions of this section, there is hereby authorized to be appropriated $30,000,000 for each of the fiscal years ending June 30, 1970, and June 30, 1971, $31,500,000 for the fiscal year ending June 30, 1972, and $33,000,000 for the fiscal year ending June 30, 1973.

Higher Education Act of 1965

(P.L. 89-329)

TITLE V—EDUCATION PROFESSIONS DEVELOPMENT

PART A—GENERAL PROVISIONS

STATEMENT OF PURPOSE

SEC. 501. (a) The purpose of this title is to improve the quality of teaching and to help meet critical shortages of adequately trained educational personnel by (1) developing information on the actual needs for educational personnel, both present and long range, (2) providing a broad range of high quality training and retraining opportunities, responsive to changing manpower needs; (3) attracting a greater number of qualified persons into the teaching profession; (4) attracting persons who can stimulate creativity in the arts and other skills to undertake short term or long term assignments in education; and (5) helping to make educational personnel training programs more responsive to the needs of the schools and colleges.

(b) For the purpose of carrying out the provisions of this title, there are authorized to be appropriated $200,000,000 for the fiscal year ending June 30, 1973, $300,000,000 for the fiscal year ending June 30, 1974, and $450,000,000 for the fiscal year ending June 30, 1975.

Educational Television

Educational Television Broadcasting Facilities

An ACT To amend the Communications Act of 1934 to establish a program of Federal matching grants for the construction of television broadcasting facilities to be used for educational purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title III of the Communications Act of 1934 is amended by adding at the end thereof the following new part:

Part IV—Grants for Noncommercial Educational Broadcasting Facilities; Corporation for Public Broadcasting

SUBPART A—GRANTS FOR FACILITIES

DECLARATION OF PURPOSE

SEC. 390. The purpose of this subpart is to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities.

(47 U.S.C. 390) Enacted May 1, 1962, P.L. 87-447, 76 Stat. 64; amended Nov. 7, 1967, P.L. 90-129, secs. 103(a), 201(1), 81 Stat. 365, 367.

AUTHORIZATION OF APPROPRIATIONS

"SEC. 391. There are authorized to be appropriated for the fiscal year ending June 30, 1973, such sums, not to exceed $25,000,000 as may be necessary to carry out the purposes of section 390. Sums appropriated under this section shall remain available for payment of grants for projects for which applications, approved under section 392, have been submitted under such section prior to July 1, 1974."

Cooperative Research Act (P.L. 531, 83rd Cong.), as Amended

"Sec. 3. There are authorized to be appropriated for purposes of section 2, $56,000,000 for the fiscal year ending June 30, 1973. $68,000,000 for the fiscal year ending June 30, 1974, and $78,000,000 for the fiscal year ending June 30, 1975.".

Public Law 92-255

Drug Abuse Office and Treatment Act of 1972

§ 410. Special project grants and contracts.

(b) There are authorized to be appropriated $25,000,000 for the fiscal year ending June 30, 1972; $65,000,000 for the fiscal year ending June 30, 1973; $100,000,000 for the fiscal year ending June 30, 1974; and $160,000,000 for the fiscal year ending June 30, 1975, to carry out this section.

Explanation of Transfers

	1973 Estimate	Purpose
Real transfer to:		
National Institute of Education	$-17,000,000	This transfer includes the District of Columbia School Project and all dissemination activities in "Educational Renewal" except general program dissemination. This transfer is directed by the Conference Report on the Education Amendments of 1972, and appropriation language for the National Institute of Education contained in the Supplemental Appropriations Act, 1973.
Comparative transfers to:		
Elementary and secondary education	-92,780,000	Transfer of the Follow Through program and the Bilingual Education program to the Elementary and Secondary Education appropriation. This transfer is being made to align the appropriation structure with the organizational structure managing the programs.
Occupational, vocational, and adult education	-10,000,000	Transfer of adult education teacher training and special projects programs to the Occupational, Vocational, and Adult Education appropriation. This transfer is being made to align the appropriation structure with the organizational structure managing the programs.
Salaries and expenses	-11,155,000	These amounts are being transferred to consolidate all administrative-management costs in one appropriation. The major portion of the transfer, $10,205,000, is for planning and evaluation for all Office of Education programs. The remainder is comprised of $200,000 for advisory councils and $750,000 for general program dissemination.
Comparative transfers to: (cont'd)		
National Institute of Education	$ -7,000,000	This transfer of the educational technology demonstrations activities is part of the continuing definition of Office of Education-National Institute of Education functions and roles.

Educational Development

Year		Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964		$ 21,000,000	$ 21,000,000	$ 21,000,000	$ 21,000,000
1965		50,000,000	50,000,000	50,000,000	50,000,000
1966		86,076,000	81,076,000	80,576,000	80,439,000
1967		140,774,000	96,902,000	91,902,000	84,610,000
1968		129,590,000	90,090,000	108,190,000	103,590,000
1969		205,578,000	145,430,000	170,630,000	134,630,000
1970		169,650,000	141,287,000	192,275,000	141,868,050
1971		180,144,000	174,644,000	203,797,000	185,797,000
1972		184,389,000	194,389,000	208,139,000	203,154,000
1973		201,175,000	74,800,000[1]	78,300,000	---
1973	Supplemental	69,125,000	[2]	69,125,000	69,125,000[3]
1973	Proposed budget amendment	-10,650,000			
1974		120,375,000			

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[1] Of the request, $126,195,000 was not considered by the House or Senate. These amounts were dependent upon extending legislation.

[2] Not considered.

[3] Total amount appropriated was $81,165,000, of which $11,890,000 was in the Rescission request and $150,000 is included in the Salaries and Expenses appropriation for a National Advisory Council on Education Professions Development in order to maintain comparability.

OFFICE OF EDUCATION

Educational Development

General Statement

The 1974 budget for the training of Education Professions personnel is being reduced substantially. The proposed reductions reflect the following considerations:

1) The general surplus of educational personnel at the elementary and secondary level,

2) Increasing reliance on the operation of supply and demand in the private marketplace to attract persons into shortage areas,

3) Increasing reliance on general student assistance as a means of allowing persons to enter whatever professional field they wish. Substantial new funds for general student assistance are proposed in the 1974 budget,

4) Support for in-service and other forms of training is available under a number of broader purpose educational authorities, such as the Bilingual Education Program authorized by Title VII of the Elementary and Secondary Education Act, vocational training authorized under the Vocational Education Act and other training opportunities authorized under other elementary and secondary formula grant programs. Even though these programs are being folded into special education revenue sharing in 1974, it is not expected that the new revenue sharing authority will be any more restrictive--but rather more flexible.

The 1974 budget would continue support for selected training activities which have a high impact on the education of disadvantaged children and career opportunities for disadvantaged educational personnel. These activities include the Teacher Corps program, which trains young teachers to work with disadvantaged youth; urban-rural programs, which address the needs of entire school systems in urban and rural areas to improve the educational opportunities of disadvantaged children; and career opportunity programs, which enable disadvantaged persons to enter the elementary and secondary school system and to advance themselves to more responsible positions through specially designed career ladders.

Education Professions Development

	1973	1974	Increase or Decrease
(a) Teacher Corps......................	$ 37,500,000	$ 37,500,000	$ ---
(b) Elementary and secondary development:			
(1) Urban/rural.................	12,135,000	11,022,000	-1,113,000
(2) Career opportunities.........	23,572,000	22,853,000	-719,000
(3) Categorical programs.........	13,841,000	---	-13,841,000
Teachers of Indians........	(2,730,000)	(---)	(-2,730,000)
Bilingual personnel........	(2,730,000)	(---)	(-2,730,000)
Other personnel development	(8,381,0000	(---)	(-8,381,000)
(4) Exceptional children.........	4,112,000	---	-4,112,000
(c) Vocational education...............	6,900,000	---	-6,900,000
(d) New careers in education...........	500,000	---	-500,000
(e) Higher education...................	8,000,000	2,100,000	-5,900,000
Budget authority and obligations.	106,560,000	73,475,000	-33,085,000

	1973 Estimate	1973 Estimate	Increase or Decrease
(a) Teacher Corps........................	$37,500,000	$37,500,000	---

Narrative

Program Purpose:

The dual purposes of the Teacher Corps, as stipulated in the Higher Education Act of 1965, Title V, Part B-1, are (a) to improve educational opportunities for children of low income families, and (b) to improve the quality of programs of teacher education for both certified teachers and inexperienced teacher-interns.

This program brings teams of bright and capable college graduates and experienced teachers into low-income schools as interns. After two years of internship, these recruits are fully qualified to teach in these schools and in most cases remain there. It promotes the revision of training programs and teacher recruitment and selection procedures towards performance and competency bases. It promotes the differentiating of roles within the schools.

Accomplishments in fiscal years 1972-1973:

In fiscal year 1972, the Teacher Corps, through its coalition of university, school districts, and community thrust, provided training for approximately 4,700 interns and experienced teachers serving in 279 project sites. In addition, 2,000 served as volunteers and 1,500 received training under a new program designed to permit permanent school personnel the opportunity to contribute to the effectiveness of a project's operation. This particular arrangement permitted on-site instruction to occur and provided for the field testing of new ideas and concepts without the normal delay usually associated with product validation. As a result of this collaborative design for change, the program directly affected 95,000 children throughout the Nation's schools among whom 38 percent were from families with annual incomes of less than $3,000.

During fiscal year 1973, the Teacher Corps maintained the 1972 level of participants. The number of projects increased, however, by reducing the average number of participants in each. This arrangement has proved successful for disseminating, over a wider populated area, those elements connected with Competency Based Teacher Education models. During this fiscal year, the Teacher Corps has continued to place heavy emphasis on developing and implementing projects that serve populations with special needs. For example, approximately $3.7 million has been granted for the Indian projects currently in operation. This compares with $18,000 provided in fiscal year 1967. A similar emphasis has been placed on corrections projects. Funding support has increased from $130,000 in fiscal year 1968 to slightly over $2,000,000 for the 6 projects currently in operation. The Teacher Corps has also provided support for the assessment of competencies that corpsmembers should have to work with linguistically and culturally different children. Such information is being used along with other materials for systematic management planning and is now being tested at a variety of Teacher Corps sites and bilingual programs across the nation. There are currently 33 Teacher Corps projects in the bilingual area.

A recently completed Office of Education survey states that of those interns graduating in June of 1972, 87 percent remained in education and of this number, 78 percent were teaching in schools serving low income families. Comparable updated figures for the 1971 graduates indicate that 73 percent are still in education and 58 percent are in low income school districts. For the 1970 graduates, the current figures are 71 percent and 51 percent respectively.

Request for fiscal year 1974:

The program will support a design for improving the learning opportunities of children and the retraining of teachers and the training of interns which combines new curricular developments with team teaching, more individualized instruction, and a strategy for disseminating this experience throughout an entire school system. Local education agencies, institutions of higher learning and representatives from the communities where projects are located will collaborate in implementing this design. There will be shifts in emphasis to a greater Teacher Corps role in retraining regular teachers and in the relative emphases on the roles of schools, universities, and communities within Teacher Corps coalitions.

Program strategy in fiscal year 1974 envisages the direction of at least 50 percent of Teacher Corps instructional funds towards the upgrading of the competencies of the experienced teachers with whom the inexperienced interns will work. The remaining resources will be directed toward the training of interns and the employment of this training in the improvement of the quality of the programs of teacher education for both experienced and inexperienced teachers. Teacher Corps project sites will be carefully selected, recognizing where possible existing shortages of teachers in subject areas (e.g., bilingual), geographical or demographic (e.g., inner cities, rural Appalachia, etc.), and teaching levels (e.g., early childhood) where the greatest impact upon change may be projected.

In response to its mandate to improve the quality of teacher education programs, Teacher Corps will again increase its emphasis upon the building of training and licensing systems around the specific competencies needed to function effectively in the schools today. As part of this mandate, and as an effort to improve the numerous Teacher Corps operational sites, individual sites in at least five States will be identified to work closely with their State educational agencies in the improvement of State licensing and training systems, using existing Teacher Corps models for institutional change.

Teacher Corps Projects*

	1972 Actual			1973 Estimate			1974 Estimate		
	No. of Part.	No. of Proj.	Funding	No. of Part.	No. of Proj.	Funding	No. of Part.	No. of Proj.	Funding
New..........	1,685	105	$18,408,824	1,700	120	$18,239,200	1,686	120	$18,000,000
Continuation.	3,041	174	19,091,176	3,216	192	19,260,800	3,230	225	19,500,000
Total......	4,726	279	37,500,000	4,916	312	37,500,000	4,916	345	37,500,000

*Each Teacher Corps program is composed of a group of project grants; i.e., one to an institution of higher education (IHE) and several to local education agencies (LEA). The number of projects indicated above include both grants to IHE's and LEA's.

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) Elementary and secondary development (EPDA, Part D):			
(1) Urban/rural school development program..........................	$12,135,000	$11,022,000	$-1,113,000

Narrative

Program Purpose:

This program was designed to help improve schools and school systems throughout the country by means of staff development programs developed with local school-community councils involved in the process of education. There are three planned models: (1) one which concentrates on the entire staff of a single school, a trio of schools that feed each other, or, in some rural areas, clusters of 5-10 schools; (2) one which involves a larger target area in an urban or rural school district; and (3) one which provides training and staff development in centers run by state education authorities in collaboration with one or more local school districts. Institutions of higher education are involved in all sites.

The central focus of this program is on improving educational services to a target population of students from low-income families.

In order to help school systems become more effective and efficient, the program must affect the key decision-making processes at the local level, improve the effectiveness of its major resource--the school staff--and provide incentives to make the local effort feasible, worthwhile, and, in the long term, a lasting part of the system.

There are two developmental assistance components of each of the three variations of the Urban/Rural School Development Program. One is the development of teacher training models based on the concept of demonstrated knowledge and performance competencies, rather than on the traditional method of learning theory from books only (competency or performance-based teacher education). The other component is the development of materials designed to teach specific concepts of learning and teaching behavior.

Accomplishments in fiscal years 1972-1973:

There are 41 current projects including about 6,500 school staff and community members. Funds appropriated in fiscal year 1972, and expended during academic year 1972-73 provided for extensive developmental assistance to each of these 41 sites for the difficult and sensitive process of establishing viable school-community councils and initiating local needs assessment activities. The length of time spent on these activities has resulted in better school-community rapport and agreement on priorities. It is expected to pay off in a significantly higher quality of education for the students involved. Once needs assessments were completed, training designs were developed with institutions of higher education, and the actual staff development activities were begun.

Expenditure of fiscal year 1973 funds will vary according to the stage of development of the various models. All school-community councils are in operation and plans are being developed for more intensive training for staff and council members during the coming year. Process evaluation and on site developmental assistance will be intensified to aid management and staff members as they move into more fully developed comprehensive staff development systems. Academic year 1973-74 will be the second operational year in a projected five-year operational program of support to the 41 sites. Beginning July 1, 1973 this program will be administered by HEW regional offices. Training of regional staff, and of central Federal staff to be decentralized, is currently underway.

National program developmental assistance and training will be the function of the central office staff. Their primary responsibility will be to coordinate national program activities conducted by the Stanford Urban/Rural Leadership Training Institute and the University of South Florida Leadership Training Institute. Stanford is training Urban/Rural School Development project directors and school-community council members, and South Florida is developing training for protocol and training materials to be used by operating projects.

Request for fiscal year 1974:

During this year, the following objectives should be reached:

(a) Support will be continued for the 41 existing operational projects and 2 developmental assistance projects, with plans developed for local adoption as federal financial assistance begins to diminish.

(b) Program monitoring operations will have been assumed by the HEW regional office staff.

(c) Case studies, handbooks, training and other materials will be compiled for dissemination and replication by other sites.

(d) The effectiveness of the local school-community council role in planning and implementing staff development programs will be evaluated.

(e) The processes of needs assessment, community involvement, priority setting, program budgeting, and comprehensive planning will be integral parts of the local school system.

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) Elementary and secondary development (EPDA, Part D):			
(2) Career opportunities................	$23,572,000	$22,853,000	$-719,000

Narrative

Program Purpose:

This program is a nationwide career lattice model to improve the learning of children from low-income area schools by training as yet untapped personnel resources, such as low-income community residents and Vietnam-era veterans, for positions as paraprofessionals in poverty area schools, toward eventual teacher certification. In attracting personnel to careers in schools serving low-income children, the Career Opportunities Program (COP) aims also at (1) finding better ways of utilizing existing school personnel through developing career lattices of positions, (2) encouraging meaningful participation of parents and communities in educational processes and (3) increasing cooperative relationships among related programs, agencies, and institutions.

Through grants to 130 local education agencies--which subcontract with 214 institutions of higher education--and 50 State departments of education, COP is developing teacher training processes to strengthen both cognitive and affective performance of teaching teams and pupils. By training area community personnel together with their cooperating teachers, COP is improving skills and competencies in schools serving low-income children.

Accomplishments in fiscal years 1972-1973:

With fiscal year 1972 funds, 8,800 participants are currently receiving training at 130 COP sites. Extensive developmental assistance has been rendered to sites requesting guidance by teams consisting of experienced staff from local school systems, State departments of education, institutions of higher education and community leaders to explore certification, university and college requirements, and other significant areas in paraprofessional and teacher training and utilization. The COP also initiated a process of review and analysis of program outcomes in terms of cost, numbers of graduates, and placement prospects.

The fiscal year 1973 funds will be expended in academic year 1973-74 to continue all COP projects. Experience and data retrieved from the management information and evaluation system during fiscal year 1972 will be analyzed and, in the course of fiscal year 1973, policy decisions regarding further developmental assistance will be made. The Office of Education will also render staff developmental assistance and encourage further adoption of processes and practices determined to be effective from project experience by local schools and institutions of higher education.

Fiscal year 1973 will be the first year of administration of the COP program by the Department of Health, Education, and Welfare regional offices. Staff training for both regional and central staff is currently underway.

Every COP project has both informal and formal linkages with other government agencies and programs such as Housing and Urban Development, Title I of the Elementary and Secondary Education Act, and the Right to Read Program.

There are currently 8,800 COP participants. Preliminary information on some of these participants indicates the following:

-- There are 1,341 participants who are Vietnam era veterans.
-- There are 611 participants specializing in special education.
-- There are 397 Indian participants.
-- There are 160 COP aides working as supervisors of Youth-Tutoring Youth projects.

In addition, to date 678 COP participants have graduated. Of these, 464 (68%) have been employed by the local education agency in which they were aides. Another 162 (24%) of the graduates are employed by other school systems or are in graduate school.

Request for fiscal year 1974:

1. Continue training for approximately 8,800 participants at 130 sites. Regional office staff will be responsible for program operations.

2. Provide national developmental assistance which will be coordinated and monitored by Central office staff.

3. Determine impact of program in terms of: (a) number of trainees placed in schools and institutions of higher education; (b) mechanisms developed for improving training and recruitment procedures; (c) more meaningful certification criteria and (d) policy implications for institutions of higher education, and State and local education agencies; (e) impact on low-income communities.

4. Incorporate COP experiences in policy determinations and new program approaches designed to aid in the management of educational change.

5. Plan follow-up evaluation of COP graduates activities.

6. Determine, where possible, impact made on children's cognitive and affective learning by the use of paraprofessionals in a sample of COP classrooms.

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) Elementary and secondary development (EPDA, Part D)			
(3) Categorical programs:			
a. Teachers for Indian children....	$2,730,000	$---	$-2,730,000

Narrative

Program Purpose:

The purpose of this program is to prepare "persons to serve as teachers of children living on reservations serviced by elementary and secondary schools for Indian children operated or supported by the Department of the Interior, including public and private schools operated by Indian tribes and by nonprofit institutions and organizations of Indian tribes. In carrying out the provisions of this section preference shall be given to the training of Indians." Grants may be made to institutions of higher education and other public and private nonprofit agencies and organizations for the purposes cited above.

Accomplishments in fiscal years 1972-1973:

Although the legislative set-aside for Indian education did not apply to fiscal year 1972 funds, approximately $1,648,000 from Part D was spent on projects which meet the requirements of this amendment. These projects, some of which are cooperative projects with the Bureau of Indian Affairs and the Office of Economic Opportunity are from the Career Opportunities Program, the Educational Leadership Program, and the Pupil Personnel Services Program. Other programs, e.g., Section 504, also impact on the Indian population, but are not included in this figure.

In fiscal year 1973, funds will be used to continue the above mentioned multi-year funded projects at a level of $1,700,000. An additional $1,030,000, therefore, will be spent for new one-year projects or new components to existing projects, under the Teachers for Indian Children Program. The overall goal will be to increase, through recruitment and training, the number of Indians teaching Indian children, although efforts will also be made to increase the skills and understandings of teachers currently serving children on reservations, and to provide career lattices for potential Native American teachers.

Request for fiscal year 1974:

No funds are requested for this categorical training program in 1974. Financial support for persons who wish to become teachers of Indian children will be available in the form of general student support under the Higher Education budget, where major increases in funding are proposed. Furthermore, support for training teachers of Indian children is available under other broader purpose authorities. For example, the Bureau of Indian Affairs trains Indian paraprofessionals for staffing Federal schools, and provides funds for teacher training and educational leadership. Also, the Teacher Corps program in fiscal year 1974 will spend about $3,700,000 on programs which are training corpsmembers in schools serving Indian children.

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) Elementary and secondary development (EPDA, Part D)			
(3) Categorical programs:			
b. Bilingual education personnel training.....................	$2,730,000	$ ---	$-2,730,000

Narrative

Program Purpose:

This program is authorized for the training of teachers for service in programs for children with limited English speaking ability. Grants may be made to institutions of higher education, local education agencies, and state education agencies to improve the qualifications of persons who are serving or preparing to serve in elementary or secondary schools, or to supervise or train persons so serving.

Accomplishments in fiscal years 1972-1973:

The legislative set-aside for bilingual education did not apply to fiscal year 1972 funds, although grants have been made to support projects serving Puerto Ricans, Chicanos, Cubans, and other Latin Americans as well as Sioux and Navajo Indians. In 1973 funds will be used to support ongoing projects with multi-year commitments which meet the requirements of this mandate. Approximately 12 bilingual projects will be funded. Preference in participants is given to bilingual, bicultural personnel, and when possible, preference in the selection of trainees has been given to personnel involved in projects funded under Title VII of the Elementary Secondary Education Act. This program is helping to develop educational personnel as well as fostering institutional change. Persons being trained include teachers, aides, supervisors, and trainers of teachers.

Request for fiscal year 1974:

No funds are requested for this categorical training program in 1974. Financial support for persons interested in a career in bilingual education will be available in the form of general student support under the Higher Education budget where major increases in funding are proposed. In addition, support for the training of bilingual teachers is authorized under Title VII of the Elementary and Secondary Education Act and under the special bilingual education set-aside program in the Emergency School Aid Act. Furthermore, programs for training bilingual teachers for Cuban refugees are supported by the Social Rehabilitation Service. The Office of Child Development provides some funds for staff development in their Head Start program, which serves the bilingual population, among others. Also, the Teacher Corps program in fiscal year 1974 will spend approximately $4,000,000 on training corpsmembers in schools serving a bilingual population.

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) Elementary and secondary development (EPDA, Part D)			
(3) Categorical programs:			
c. Personnel development..........	$8,381,000	$ ---	$-8,381,000

Narrative

Program Purpose:

This program provides for educational personnel development projects aimed at all levels and stressing particular skills needed to improve services to children in regular classrooms, with an emphasis on low-income children. Grants are made to institutions of higher education, State educational agencies, and local education agencies to strengthen skills of existing educational personnel in such areas as teaching exceptional children in regular classrooms, guidance and counseling, early childhood education, educational leadership, and knowledge and use of protocol and training materials.

Accomplishments in fiscal years 1972-1973:

Multi-year funded grants made with fiscal year 1972 monies generally are used for training efforts in the academic year 1972-73. Thirty-six grants have been made to support continuing teacher trainers in the area of early childhood education. Twenty-nine projects have been funded for training the trainers of educational personnel, for an estimated 5,000 participants. Grants are being used to give advanced training in educational leadership to approximately 2,000 personnel. Approximately 10 projects are developing differentiated staffing patterns in school systems and approximately 1,200 persons (current teachers, people from surrounding communities, guidance counselors, and trainers of teacher) are receiving training in pupil personnel services or counseling and guidance.

In 1973 funds will enable the continuation of multi-year funded ongoing projects described above for operation in academic year 1973-74. Within the context of these programs special emphasis will be placed on developing strategies for capitalizing on lessons learned in these educational personnel development programs and encouraging institutional reform in the field.

Request for fiscal year 1974:

No funds are requested for this categorical training program in 1974 because of the surplus of general educational personnel. As noted above, these forward funded projects will be actually operating during fiscal year 1974. Future financial support for those who desire a career in education will be available in the form of general student support under the Higher Education appropriation where major increases are proposed. Furthermore, support for training of early childhood teachers would be available from the Office of Child Development. States and localities will also be able to use Special Education Revenue Sharing funds to train existing educational personnel if such training represents a sufficiently high priority.

	1973 Estimate	1974 Estimate	Increase or Decrease
b. Elementary and secondary development (EPDA, Part D)			
(4) Exceptional children.................	$4,112,000	$ ---	$-4,112,000

Narrative

Program Purpose:

This program trains educational leaders, regular classroom teachers and other educational personnel to deal effectively with exceptional children who are in regular, rather than special, classrooms. The need for this training is based on two factors: (1) there is a shortage of specially trained teachers; and (2) there is a growing trend toward moving children who are physically handicapped or have other learning difficulties into the mainstream of regular classrooms where teachers are generally not equipped to meet their needs. This program, therefore, concentrates on:

a) training inservice regular classroom personnel to identify children with potential or current handicapping conditions and to diagnose, prescribe, and implement an educational program for such children, and training educational leaders to facilitate such training programs.

b) developing training and protocol materials necessary to implement such a training program.

c) providing developmental assistance to local and State educational agencies and institutions of higher education to help them develop training for educational personnel to work with exceptional children.

Accomplishments in fiscal years 1972-1973:

Approximately 1,322 persons are participating in innovative training programs for the preparation of leadership personnel in teaching exceptional children with an emphasis in the early childhood area.

To date there have been approximately 15,000 minority people in leadership positions who have been participants in these programs. As a result of this the number of minority people moving into leadership positions has greatly increased. All projects have been in low-income areas where the incidence of handicapping conditions has been greatest. This has permitted working directly with the people most affected.

The Houston Independent School project is the first one in the State of Texas to implement the five-year plan to transfer all handicapped children to regular classrooms. This project could provide a model for the rest of the nation. The Pennsylvania University Project has a teacher training van which is touring the smaller towns of Pennsylvania. It is bringing a special curriculum to the teachers in this area. This may open a new means of training teachers who are in rural areas.

Recent court decisions (e.g., District of Columbia, Massachusetts, Pennsylvania, California) have mandated the integration of exceptional children into regular classrooms. This trend is growing and there is a proliferation of similar cases pending. The need, therefore, for existing regular classroom teachers to receive training which will enable them to meet the needs of these children with special problems, is greater than ever. During academic year 1973-74, 16 projects will be operational with 1973 funds. One of these will produce training materials. In addition, three field-based developmental assistance centers will be funded which focus upon educational leaders and trainers of teachers and experienced educational personnel. Every effort will be made, with limited funds, to provide assistance to those states and school districts undergoing change as a result of court decisions or legislative mandate.

Request for fiscal year 1974:

No funds are requested for this categorical training program in 1974. Financial support for persons who wish to learn to teach handicapped children will be available in the form of general student support under the Higher Education budget where substantial increases in funding are being proposed. In addition, the Education for the Handicapped program provides funds, under the special education and manpower development program, for training the professional teacher in methods of educating the handicapped in the regular classroom. The training for teaching exceptional children is also an integral part of the Teacher Corps, urban/rural, and career opportunities programs, which are concentrating on school populations which come from low-income families. Inservice training of teachers to give them the skills necessary to teach exceptional children will also be possible under Special Education Revenue Sharing.

	1973 Estimate	1974 Estimate	Increase or Decrease
(c) Vocational education......................	$6,900,000	$ ---	$-6,900,000

Narrative

Program Purpose:

This activity provides support to assist State and local education agencies and institutions of higher education in strengthening their efforts in recruiting and training individuals for the broad aspects of career and vocational education. Grants are made to institutions of higher education, that offer graduate study in a comprehensive program of vocational education that is approved by the State boards for vocational education, for cooperative arrangement training activities with schools, private business or industry, or other educational institutions.

Accomplishments in fiscal years 1972-1973:

Emphasis was placed on the development, implementation, and improvement of comprehensive, statewide systems for vocational education with expansion to include career education. Special efforts were made to upgrade vocational education personnel training in institutions of higher education. Under section 553 of the Education Professions Development Act (EPDA), State systems received grants of a minimum of $34,000, with larger States receiving commensurately higher amounts proportionate to their unmet needs as reflected in their approved State plan for Vocational Education. These programs are substantially directed to support a major focus in improving the quality of ongoing and projected vocational educational programs. This program will be decentralized by June 30, 1973. The fellowship program under section 552 of the Education Professions Development Act has been broadened to include a wide array of leadership development activities. The present program is continued with an emphasis on the midmanagement level. The program stresses increasing leadership capabilities in local education agencies, State departments of education, institutions of higher education and related agencies to enable them to provide for development and coordination of career education personnel development for all educational levels. At present there are seven institutions continuing their graduate level program being supported by Federal funds and a number of leadership personnel being supported with State funds.

Request for fiscal year 1974:

No funds are requested for this categorical training program in 1974. Financial assistance for those who wish to pursue a career in vocational education will be available in the form of general student support under the Higher Education budget, where major increases in funding are proposed. Support for this purpose will also be available to States and localities -- at the discretion of State and local officials -- under Special Education Revenue Sharing.

	1973 Estimate	1974 Estimate	Increase or Decrease
(d) New careers in education..................	$500,000	$ ---	$-500,000

Narrative

Program Purpose:

The purpose is to attract qualified and diverse persons to the field of education who ordinarily would not consider this field either on a full-or part-time basis. Artists, scientists, homemakers and others are encouraged to undertake teaching or related assignments on a part-time or temporary basis. Capable youth are attracted to the field by identifying them at a point when they are forming their first realistic career plans, in high school, and encouraging them to investigate careers in education.

Accomplishments in fiscal years 1972-1973:

With fiscal year 1972 funds, three colleges sponsored workshops for approximately 200 high school students. Recruitment material on careers in education and on volunteers has been disseminated by the National Center for Information on Careers in Education and the Washington Technical Institute (Project VOICE). Twenty-eight artists and craftsmen have been working with school personnel and children at Oklahoma City University in the Creative Learning Program. And in Tulsa, Oklahoma, 11 full-time and 89 part-time Indian housewives, artists, and craftsmen have been recruited and trained to work in schools in counties having large Cherokee enrollments.

In fiscal year 1973, funds are being used to continue several of the projects described above as well as to sponsor dissemination activities. Evaluation materials currently being received on volunteer programs, high school workshops, and the recruitment and retention of part-time homemakers, artists and scientists will play an important part in this dissemination. Currently planned are:

a) An informational package on how to involve part-time homemakers, based on past experience in volunteer programs funded under section 504. This package will also contain a guide on how to use part-time volunteers in assisting children with learning difficulties.

b) A manual based on the experience of all previous projects, including the recruitment of Indian parents and the recruitment of artisans, artists and scientists to work with elementary and secondary students on a part-time basis.

c) A workshop package to demonstrate how high schools can develop programs to encourage students to enter careers in education at all levels.

d) Five regional workshops for regional, State and local educational personnel as well as teacher training institutions and local organizations on recruitment.

e) A case study evaluation of the Tulsa project.

f) A career education handbook.

g) Several position papers, including one on characteristics of teachers which seem to make a difference in the classroom.

h) Newsletters on the various methods of recruiting personnel in areas of critical shortage.

Request for fiscal year 1974:

No funds are requested for this recruitment program in 1974. In view of the general surplus of teachers at the elementary and secondary level, special Federal support for the recruitment of educational personnel cannot be justified.

	1973 Estimate	1974 Estimate	Increase or Decrease
(e) Higher education	$8,000,000	$2,100,000	$-5,900,000
Fellowships	(2,868,000)	(2,100,000)	(-768,000)
Institutes	(5,132,000)	(---)	(-5,132,000)

Narrative

Program Purpose:

Title V, Part E of the Higher Education Act of 1964 authorizes grants to and contracts with colleges and universities for the purpose of training present or prospective college teachers, administrators and educational specialists at less than the Ph.D. level. Funds may be used to support institutes and short-term training programs, and fellowships for full-time graduate study.

Funds in support of institutes and short-term training programs cover the direct and indirect costs of operating the program and provide stipends for participants. Awards for fellowship programs provide stipends for graduate fellows and an institutional cost-of-education allowance for each student. Fellowships may not be used for graduate programs eligible for support under title IV of the National Defense Education Act. Multi-year awards are sometimes made which provide support for programs extending over two or more years.

Accomplishments in fiscal year 1973:

Most of the institute programs will provide training for the following types of personnel: (1) teachers, administrators and educational specialists who are concerned with the needs of low-income and minority students; (2) junior college personnel; and (3) personnel of developing institutions, particularly the predominantly black colleges. Additional training programs will be designed to serve Mexican-American students, American Indian students, veterans, and women. Some attention is also being given to drug abuse education, cooperative education, and environmental education.

Request for fiscal year 1974:

Fellowship support at less than the Ph.D. level will be concentrated in two or three areas of high national priority and need. One such priority area is the preparation of representatives from minority groups, especially Spanish-speaking Americans, Blacks, and American Indians, for positions as administrators in 2-year community colleges. Another such high priority is the training of student financial aid officers in the proper administration of student financial aid programs. A third priority area is the support of a program to prepare women for important decision-making positions in higher education.

No funds are being requested to support institutes and short-term training programs for fiscal year 1974.

	1973		1974	
	Number	Amount	Number	Amount
Fellowships				
Average cost		$6,500		$6,500
New	92	600,000	230	1,500,000
Continuing	349	2,268,000	92	600,000
Total	441	2,868,000	322	2,100,000
Institutes	125[1]	$5,132,000	---	---
Average cost		41,000	---	---

[1] Includes 1973 summer session and 1973-74 academic year.

National Priority Programs

	1973	1974	Increase or Decrease
(a) Educational technology demonstrations	$ 19,000,000	$ 13,000,000	$ -6,000,000
(1) Educational broadcasting facilities	(13,000,000)	(10,000,000)	(-3,000,000)
(2) Sesame Street and The Electric Company	(6,000,000)	(3,000,000)	(-3,000,000)
(b) Drug abuse education	12,400,000	3,000,000	-9,400,000
(c) Right to read	12,000,000	12,000,000	---
(d) Environmental education	3,180,000	--	-3,180,000
(e) Nutrition and health	2,000,000	---	-2,000,000
(f) Dropout prevention	8,500,000	4,000,000	-4,500,000
Budget authority and obligations	57,080,000	32,000,000	-25,080,000

	1973 Estimate	1974 Estimate	Increase or Decrease
(a) Educational Technology Demonstration			
(1) Educational Broadcasting Facilities.....................	$13,000,000	$10,000,000	$-3,000,000

Narrative

Program Purpose:

The purpose of this program is to assist in the establishment, expansion and improvement of noncommercial broadcasting facilities to serve the educational, cultural, and informational needs of Americans in their schools, homes, and local communities. Facilities purchased with assistance from this program enable States and locally-controlled public television and radio stations to air educational and community-service programs which suit and satisfy the needs of local audiences. Educational broadcasts, both those produced nationally and locally provide significant alternatives to those which commercial stations and networks can provide.

Accomplishments in fiscal years 1972-1973:

In fiscal year 1972, 69 noncommercial educational radio and television stations were improved or established. Grants provided for expansion of 26 public radio stations ($1,520,000), expansion of 33 educational television stations ($8,181,000), and activation of 10 new public television stations ($3,299,000).

In fiscal year 1973, the funds assisted in the establishment or improvement of 75 noncommercial radio and television stations. Grants enabled 12 new public radio stations to get on the air ($1,020,000) and improved the broadcasting capability of 16 operating public radio stations ($1,040,000). Grants for public television facilities activated 10 new stations ($3,200,000), and improvement grants assisted 28 existing stations ($7,740,000).

In fiscal year 1973, emphasis and support continued to shift to improving the equipment and production facilities of local television stations. At least one-third of the local stations, for example, are unable to broadcast, tape or film programs in color. Less than half are able to originate programs with their own color cameras. To help meet these needs, at least two-thirds of EBFP television funds supported projects to improve local television equipment.

Request for fiscal year 1974:

After fiscal year 1973 awards, there remained pending approximately 80 applications requesting more than $20,000,000 in Federal funds. It is anticipated that a $10,000,000 appropriation for this program will provide matching grants to support about 52 projects. This would include the activation of 12 new noncommercial radio stations and grants for improving or expanding the broadcast facilities of 10 noncommercial radio stations. The primary emphasis in support of the noncommercial radio facilities will be on reaching the top 100 major urbanized areas in the U.S. By the end of fiscal year 1973, 59 of these major population areas will have full-service noncommercial radio stations reaching approximately 70% of the population.

Emphasis in television support will continue to be on providing local stations with support for the purchase of up-to-date equipment, enabling local stations, for example, to obtain color film and videotaping equipment, for locally-originated production and program distribution. Except for the activation of 10 stations, principally in metropolitan areas of at least 250,000 persons, grants will help improve or expand the broadcast-related facilities of 20 stations.

The long-range objective of this program is to complete a basic minimum public broadcasting system for the nation. At around present levels of appropriations for this program, it is anticipated that the Federal role in supporting educational TV and radio facilities will have been transferred to State, regional and local efforts by fiscal year 1976.

	1973 Estimate	1974 Estimate	Increase or Decrease
(a) Educational Technology Demonstration (1) Sesame Street and The Electric Company......................	$6,000,000	$3,000,000	$-3,000,000

Narrative

Program Purpose:

The purpose of the program is to provide support to the Children's Television Workshop (CTW) for research and development activities related to the production of Sesame Street and The Electric Company. Sesame Street is designed to teach preschool age children reading and arithmetic skills and to orient them to experiences normally beyond their own environment. The Electric Company primarily is designed to increase the reading ability of children aged 7 to 10 years.

Accomplishments in fiscal years 1972-1973:

It is currently estimated that Sesame Street reaches a total audience of almost 12 million children. Each year, this pre-school program has gained popularity and support from the public, particularly, from parents of pre-school age children. No formal evaluation on the impact of Sesame Street was planned or conducted last year. The Electric Company already reaches children in some 6 million households. A study conducted only a few months after this program's initial broadcast, reported that approximately 2 million children viewed the program during school hours, 23% of the nation's elementary schools and over 70% of all large city schools having full TV capabilities viewed the program. There are indications that school use of The Electric Company is rapidly increasing.

Request for fiscal year 1974:

In fiscal 1974, direct Federal support for Sesame Street and The Electric Company will continue to reduce as a result of decreased requirements and increased self-generating revenue on the part of CTW. Some $3,000,000 is requested to support these two programs; approximately $2 million of this amount supporting The Electric Company. It is anticipated that funds from the Corporation for Public Broadcasting, foundations, contributions and CTW's own income will contribute to the level of support necessary for maintaining the production and distribution of CTW's TV programs.

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) Drug abuse education..........	$12,400,000	$3,000,000	$-9,400,000
New..........................	(6,600,000)	(3,000,000)	(-3,600,000)
Continuing..................	(5,800,000)	(---)	(-5,800,000)

Program purpose:

This program helps schools and communities assess and respond to their drug abuse problems by becoming aware of the nature of the problem and developing programs to attack its causes, rather than merely responding to its symptoms.

The basic approach is to develop leadership teams at the State and local levels through a variety of training programs and to give technical assistance to programs developed by these teams.

The funds are primarily allocated as project grants to State Education Agencies, pilot college and community programs, teams of community leaders, training centers, and the National Action Committee (NAC). NAC, an advisory committee composed of experts from the private sector, provides technical assistance to the National, State and local programs.

Accomplishments, fiscal years 1972-1973:

The Office of Education continued support for college-based, school/community-based and other projects begun in 1971. (Out of 880 applications, 58 projects were selected.) It became increasingly evident that virtually all communities have some sort of drug problem and that problems vary from community to community. Although most communities are aware of the problem and want to respond to it, the Federal Government could not support projects in every community. A realistic and productive Federal role has been to train leadership for communities, to respond to specific needs and to evaluate and disseminate information about successful programs and techniques. To make the program responsive to as many communities as possible, the Help Communities Help Themselves program was initiated. Small grants were awarded to communities to support the training of community teams of five to seven individuals at nine regional training and resource centers. With the training received, the teams returned to their communities with the skills to assess and mobilize local resources for responding to their drug problems.

From July 1972 to June 1973 the Program is supporting 800 community teams through minigrants for training and is supporting the eight regional training and resource centers. The Program is continuing support for 55 projects in State and territorial education agencies, 18 college-based demonstration projects in drug abuse prevention, and 39 school/community-based demonstrations. The National Action Committee is providing technical assistance and consultation to the National Program and State and local projects. Fiscal year 1973 funds are also being used to support operations from July 1973 through June 1974 at the 55 State and territorial projects, at 48 college and school/centers (which will also train 1,000 minigrant teams), and at the National Action Committee (also at a reduced level); $900,000 will fund a large-scale evaluation of the Help Communities Help Themselves program during this period.

Request for fiscal year 1974:

The program will use fiscal year 1974 funds to support pilot demonstration projects to validate models of drug abuse prevention geared to particular communities with particular problems; the models can then be disseminated to similar communities with similar problems. Preservice training (for undergraduate teachers-in-training) will be supported at colleges of education throughout the country. The program is tentative, subject to the approval of the Special Action Office on Drug Abuse

Prevention (SAODAP). This office is responsible for providing policy direction on all Federally-funded drug programs. Part of the reason for the decrease is that SAODAP wants to keep new projects in existing areas at a minimum until results of evaluations are received. Also, certain community-oriented projects previously supported by the Office of Education are to be funded by the National Institute of Mental Health in fiscal year 1974. The Drug Abuse Education Act of 1970 is not being extended. The Drug Abuse Office and Treatment Act of 1972, Section 410, is being utilized instead. The Act is just as broad and reduces the number of legislative authorities for drug programs.

Drug Abuse Education Progects
(dollars in thousands)

Recipients	1971		1972		1973		1974	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
State/territorial agency	55	$2,000	55	$2,000	55	$2,000	--	--
College-based	20	700	20	700	20	400	--	--
Community-based	27	2,259	27	2,300	38	1,800	*	*
School-based			11	1,300				
DOD dependent schools	1	100	1	100				
Training centers			9	3,400	9	3,400	--	--
Minigrants to community			500	1,900	800	2,400	--	--
Projects generated by 1972 minigrants					78	1,600	--	--
National Action Com.	1	463	1	700	1	800	--	--
Colleges of education							*	*
Total	104	5,522	624	12,400	1,001	12,400	*	$3,000

* Numbers and amounts will be subject to the approval of the Special Action Office on Drug Abuse Prevention.

	1973 Estimate	1974 Estimate	Increase or Decrease
(c) Right to read	$12,000,000	$12,000,000	$ ---
New	(4,824,049)	(779,000)	(-4,045,049)
Continuing	(7,175,951)	(11,221,000)	(+4,045,049)

Narrative

Program Purpose:

The purpose of this program is to substantially increase functional literacy in this country--to insure that by 1980, 99 percent of the sixteen year olds in the United States and 90 percent of the people over 16 shall be functionally literate; that is, that they will possess and use the reading competencies which an individual must have to function effectively as an adult in our society.

This ability to read is essential. Yet, more than 3,000,000 adults in the United States are illiterate and approximately 18,500,000 cannot read well enough to complete simple tasks required for common living needs. Approximately 7,000,000 public school children require special instruction in reading. Even after they have completed high school, one-third to one-half of the new students in junior colleges need some type of reading help.

Through the demonstration of effective and efficient reading programs and the provision of technical assistance, the ultimate aim of Right to Read is to stimulate all reading programs to be effective, regardless of the source of funding, the level of instruction, or the age of the participant. The program will impact both State grant and discretionary funds as well as State and local funds, will involve experimental, demonstration, service and support activities, and will also be responsible for awarding a limited number of grants and contracts.

Accomplishments in fiscal years 1972-1973:

In fiscal year 1972, Right to Read accomplished the following:

1. Developed and disseminated a needs assessment package to aid in program planning procedures
2. Designed an evaluation system for school-based programs
3. Designed an information and dissemination system
4. Developed and disseminated a Right to Read plan of action for school-based programs
5. Developed and disseminated a Right to Read program manual for community-based programs
6. Developed an assessment scale for use in examining reading programs
7. Identified, validated and packaged 5 effective model reading programs
8. Selected and trained 40 people to provide technical assistance to 233 Right to Read projects
9. Funded and provided technical assistance to 140 school-based programs, 74 community-based programs, 11 State education agencies and 19 special programs
10. Obtained commitments from 65 professional associations

11. Developed plans to involve 25 of the 65 professional associations in Right to Read activities and programs.

In fiscal year 1973, Right to Read will continue to fund the 140 school-based, 11 State education agencies and 5 special projects. The 74 community-based projects were forward-funded late in 1972. Right to Read States will be expanded to include 20 additional State education agencies. Cross-bureau coordination in the Office of Education will continue. Technical assistance will be continued for Right to Read funded projects, and expanded to include the additional 20 State education agencies. Right to Read will continue to identify, validate and package effective reading programs. Additional activities will include:

1. Establishing liaison with the National Institute of Education.
2. Developing and disseminating an assessment package for State education agencies and schools of higher education.
3. Continuing cooperative activities and monitoring of the National Reading Center.
4. Completing evaluation of Right to Read funded school- and community-based projects.
5. Completing evaluation of Right to Read State education agencies.
6. Developing plans for and implementing a series of training seminars for school administrators to focus on changing and improving reading instruction.
7. Working with the Right to Read Council of Chief State School Officers in support of the National Right to Read Effort.
8. Developing and disseminating "Parent Kits" for use with pre-school children in the development of reading skills.
9. Developing with nine Deans of Schools of Education, plans to improve the training of prospective teachers.
10. Developing an Adult Literacy Test to ascertain progress made toward meeting the national goal.
11. Developing a "Mini-assessment" to determine the state of the art of reading delinquents and the location of same.
12. Funding of an adult "Sesame Street" television program.

In fiscal year 1973, funding of the National Reading Center will not exceed $400,000, and its activities will be redirected to be responsive to Right to Read priorities.

Request for fiscal year 1974:

Right to Read State education agencies will be expanded to include the remaining 19. It is anticipated, then, that all 50 States will be funded. Right to Read States will affect every school and school district in this nation. Careful planning will result in improved reading instruction for every child attending public schools.

Those projects funded in fiscal year 1972-73 will be continued during fiscal year 1973-74. Other activities will include:

1. The development of joint reading models with nine Office of Education reading-related programs.

2. Continuing the validation of model reading programs.

3. The development of implementation strategies for effective utilization of technology in improving reading instruction.

4. The development of a plan for retraining all teachers in reading by the States.

5. Continuation of assistance and support of the National Reading Center and Reading is Fundamental's efforts to involve the private sector.

6. Expanding technical assistance capabilities of State education agencies.

7. Developing and implementing a regional/State education agency--coordinated plan to include technical assistance, and monitoring activities.

Activities indicated above involve approximately:

	1972	1973	1974
Students	200,000	700,000	1,000,000
Teachers	100,000	300,000	500,000
Adults	75,000	100,000	200,000
Totals	375,000	1,100,000	1,700,000

RIGHT TO READ ACTIVITIES

	1972		1973		1974 Projected	
	No.	Amount	No.	Amount	No.	Amount
1. State education agencies:						
New	0	$ ---	20	$ 980,000	10	$ 500,000
Continuing	11	380,000	11	530,000	31	1,550,000
2. School-based projects	140	5,259,951	140	5,319,951	140	5,194,951
Community-based projects	74	3,211,616	0	---	74	2,970,000
Special projects	19	221,000	19	221,000	19	500,000
3. Technical assistance teams (Instruction and administration)	5 teams	574,000	5 teams	500,000	5 teams	250,000
4. Colleges and universities		---	5	1,000,000		---
5. Training of administrators		---		500,000		50,000
6. Work with the Chief State School Officers Association		---	50	110,000	50	50,000
7. "Parent Kits" developed and disseminated		---	1,000	100,000	2,000	25,000
8. Adult television		---		1,319,049		---
9. "Mini-Assessment" for collecting data on reading		---		170,000		25,000
10. Development of materials		141,000		50,000		10,000
11. Film		55,000		100,000		10,000
12. Dissemination and replication		100,000		700,000		565,049
13. Evaluation		415,000		---		---
14. National Reading Center		1,416,433		400,000		300,000
TOTAL		11,774,000		12,000,000		12,000,000

	1973 Estimate	1974 Estimate	Increase or Decrease
(d) Environmental education..............	$3,180,000	---	$-3,180,000
(Advisory council on environmental education).........................	(50,000)	(---)	(-50,000)

Narrative

Program Purpose:

The goal of environmental education is to help assure the availability of locally relevant, effective, and useable environmental education resources and thus promote adequate opportunities for citizens to achieve "environmental literacy" for environmental improvement. Toward this goal, the Environmental Education Act provides discretionary grants and contracts to support experimental education projects such as community education, curriculum development, non-educational personnel training, and dissemination of information to the public. It also specifies coordination through the Office of Environmental Education of other Office of Education activities related to environmental education. The Office of Environmental Education also serves as a mechanism for providing technical assistance to the field, the Office of Education, and other governmental programs.

Accomplishments in fiscal years 1972-1973:

In fiscal year 1973, approximately $3.1 million will support 175 projects located throughout the country. Emphasis will be given to further development of resource materials, personnel development, community education, elementary and secondary projects, and mini-grant workshops for community groups. Technical assistance efforts for the development of projects through other Office of Education programs will focus on activities and approaches that cannot be effectively conducted under the Environmental Education Act.

Request for fiscal year 1974:

No funds are requested. The basic authority for this program expires in fiscal year 1973. The primary purpose of this legislation was to alert school systems to the need for including environmental subjects in their curriculum, and it is believed that this has been largely accomplished. The Administration will not, therefore, seek extension of the basic law. State and local officials will, of course, be able to utilize broader purpose education authorities such as Special Education Revenue Sharing to continue to support environmental education projects in accordance with local priorities.

	1973 Estimate	1974 Estimate	Increase or Decrease
(e) Nutrition and health	$ 2,000,000	$ ---	$ -2,000,000

Program Purpose:

The Nutrition and health program demonstrates ways to organize local systems of child development services through more effective coordination of existing health and nutrition resources, particularly those of Federal programs. Research has demonstrated that adequate food, medical care, and psychological health are prerequisite to educational achievement. However, programs to provide these resources to children are usually not coordinated in a community. Children most in need, such as those in Title I, Elementary and Secondary Education Act, school districts, are still not adequately prepared for school. The Nutrition and health projects serve as a catalyst to mobilize community personnel toward a concerted effort in meeting the needs of disadvantaged children. The principal focus has been on insuring the delivery of services already authorized for a community. When specific services are not yet available in a community, the projects have identified appropriate Federal, State or local sources of assistance. When sources are lacking, the projects may support a staff member to fill the need until other resources can be generated.

Accomplishments in Fiscal Years 1972-1973:

Twelve projects funded in 1972 are being continued in 1973. This is the final year of Federal support for these projects which were initiated in 1971 and 1972.

Anecdotal reports and evaluations by the twelve projects indicate that a wide variety of approaches have been successful in different types of communities. An overall evaluation design is being completed and will be implemented before the end of fiscal year 1973. Information about different approaches is being disseminated among the projects and to other communities.

Request for Fiscal Year 1974:

No funds are requested for this program in fiscal year 1974. This demonstration program has brought attention to the relationship of nutrition and health to educational success in low-income areas. It has provided various models that can now be replicated by local school districts. The existing projects will be evaluated and the results disseminated with fiscal year 1973 funds.

	1973 Estimate	1974 Estimate	Increase or Decrease
(f) Dropout prevention...............	$ 8,500,000	$ 4,000,000	$ -4,500,000

Program Purpose:

This program is a discretionary grant program which provides Federal funds directly to local school districts. It is designed to develop demonstration model programs, in selected public elementary and secondary schools, for reducing the number of students who leave school before high school graduation. The schools in which projects are located have excessive school dropout rates and large numbers of disadvantaged students. Models which are effective in these locations can be replicated by other school systems which have high dropout rates.

Applications are submitted by local educational agencies with the approval of their appropriate State educational agency. Applications are received against a set of criteria established by legislative authority.

Accomplishments in Fiscal Year 1972-73:

During fiscal year 1973, 19 dropout prevention projects funded in 1972, were continued at a cost of $8,375,000 with the remaining $125,000 funding 2 new short-term dropout prevention projects for Mexican-American students. An analysis of these projects was made to identify the components which have been most successful in reducing the school dropout rate. The thrust to maximize effectiveness will be continued through emphasis on accountability, community involvement, evaluation design and measurement. Career Education was emphasized in all dropout prevention projects. Progress was generally measured by comparing data related to the 1967-1968 school year (base year). An evaluation of the projects shows the following facts:

a. In 19 dropout prevention programs there are 19,495 blacks, 1,092 Indians, 110 Orientals, 4,176 Spanish surnamed and 4,696 Caucasians as direct participants. Indirect participation in Title VIII is approximately 35,000 students or a total of 65,000 students.

b. The dropout rate in the selected schools of the Title VIII program has steadily decreased from 10.1% in 1968-69 to 5.5% in 1971-72. Approximately 1,600 fewer suspensions were reported in 1971-72 as compared to 1968-69.

c. Projects with reading and math components have reported average gains of 1.5 to 2.0 years in student achievement.

d. Forty businesses and industries are working cooperatively with the target schools providing school and work experiences for school youth.

e. Replicable success has been demonstrated by school districts which have installed practices developed in their dropout prevention programs. Baltimore has adopted the component dealing with students with critical emotional and educational problems, and installed it in several schools in the city. St. Louis has adopted system-wide its dropout prevention component dealing with the socially maladjusted student. Chautauqua County, New York, is revising its pupil personnel program as a result of its dropout prevention project, and Seattle has adopted its dropout prevention component for the socially, emotionally maladjusted student.

f. Approximately 400 school age pregnant girls have participated in special school programs designed to keep them in school.

g. Approximately 2,500 students have been trained in employable skills that can be used after leaving school.

h. Approximately 2,000 parents have been directly involved in school activities.

i. More than 20,000 students have received special services: i.e., guidance, welfare assistance, speech correction, psychological services and individual instruction.

In fiscal year 1973 the Office will continue to assist in the improvement of the 19 operating Dropout Prevention projects; solicit, evaluate, select and develop two new Dropout Prevention projects, which will be Mexican-American; assist in identifying and coordinating dropout prevention activities within the Office of Education, State Departments of Education and other Government agencies; provide national leadership in the field of dropout prevention; and demonstrate that innovative dropout prevention programs will be developed and operated which will reduce the number of school dropouts by not less than 15 percent of the number of school dropouts reported in 1972.

Request for Fiscal Year 1974:

The 1974 budget continues the phase-out of this program which has met its objective of demonstrating ways to reduce school dropouts. Nine dropout prevention projects will be continued for their fourth operational year. No new projects are planned to be awarded. As projects are completed, the results of this demonstration program will be disseminated.

Number of Dropouts in Title VIII Target Schools

	Number	Percentage
Original ten schools: 1/		
1968-69	3,572	10.1
1969-70	2,793	7.9
1970-71	2,441	6.9
1971-72	1,953	5.5
Second nine schools: 2/		
1970-71	2,604	12.4
1971-72	1,843	8.7

1/ Average yearly secondary enrollment is 35,300 students.
2/ Average yearly secondary enrollment is 21,000 students.

	1973 Estimate	1974 Estimate	Increase or Decrease
3. Data systems improvement:			
(a) Educational statistics			
(1) Surveys and special studies.....	$4,250,000	$7,400,000	$+3,150,000
(2) Common core of data............	---	500,000	+500,000
Subtotal..-....................	4,250,000	7,900,000	+3,650,000
(b) National achievement study..........	6,000,000	7,000,000	+1,000,000
Budget authority and obligations..................	10,250,000	14,900,000	+4,650,000

General Statement

Programs related to data acquisition and processing are now part of a single, comprehensive plan. Office of Education data gathering and analysis activities which have been consolidated and assigned to the National Center for Educational Statistics include: (1) Ongoing surveys and statistical studies; (2) Educational manpower data collection (previously carried in the Education Professions Development appropriation as "manpower data collection"); (3) the National Achievement Study; and (4) activities previously conducted by the Joint Federal/State Task Force on Evaluation (previously carried in the Elementary and Secondary appropriation under "evaluation"). In addition, a new program to design integrated Federal, State, and local educational data systems is planned.

	1973 Estimate	1974 Estimate	Increase or Decrease
(a) Educational statistics	1/		
(1) Surveys and special studies......	$4,250,000	$7,400,000	$+3,150,000

1/ Base figure does not include $840,000 allocated for functions transferred to NCES for elementary and secondary program information surveys.

Narrative

Program Purpose:

The Statistics program is designed to provide data on a current and responsive basis for planning, policy and administrative uses by Federal, State, local and institutional decisionmakers. The program also provides usable data about education to the general public. For Federal purposes, the data provide necessary bases for decisions about allocation of Federal funds, for evaluation of impact of Federally-funded programs, and for reports required by Congress or the Executive Branch regarding education programs.

Accomplishments in fiscal years 1972-1973:

In addition to maintaining the 54 ongoing time series reports, which are regularly published reports of data collected for use by planners, policymakers and other interested professionals, several important priority activities were established or expanded in 1972 and 1973:

1. A system was completed to retrieve census social and economic data by school district, and two computer files were prepared for widespread use by Federal, State and local education authorities, particularly for the improved allocation of compensatory education funds. A project was begun to combine these data with financial data from the Elementary and Secondary General Information Surveys (ELSEGIS).

2. First national directories of the universe of schools offering secondary and postsecondary vocational programs were completed in fiscal year 1973.

3. For the national Longitudinal Study of the High School Classs of 1972, approximately 18,000 high school seniors in 1,100 secondary schools provided information related to their high school experiences, attitudes, and opinions, future occupational and educational plans, personal profile information, and family background. In addition, information was collected on the school environment, on school counselor profiles and practices, and on the curriculum and academic achievement of the students. This information is expected to provide the basis for analysis of the relationships between educational experience and the educational and occupational choices and success of students after graduation from high school. Plans for the first follow-up survey of these students, including the survey instrument, have been developed with a field test scheduled for the spring of 1973.

4. A special survey of the financial status of school systems serving the 64 largest cities in the U.S. was begun early in fiscal year 1973.

5. Handbook II, Financial Accounting for Local and State School Systems was revised. When implemented in State and local educational agencies, this handbook will provide for consistent and comparable financial recording and reporting.

6. An early release of higher education enrollment totals by student level, institutional control and type, and State for the Fall of 1972 was disseminated in early December 1972. Similar early releases are scheduled for employee salary data by sex in February 1973 and financial data in May 1973.

7. A survey of the backgrounds and characteristics of students and teachers in vocational education offered by secondary schools was completed in fiscal year 1973.

8. A pretest of a survey of public secondary school course offerings, enrollments and curriculum practices was completed and reported. A national survey involving a sample of approximately 9,000 of the Nation's 24,000 public secondary schools was begun during fiscal year 1973.

9. A first-time survey on programs providing adult education through public schools and agencies was published in fiscal year 1973.

10. A first report providing data from higher education institutions on employment by sex was completed in fiscal year 1973.

11. Analytic models of educational manpower supply and demand were developed and tested, studies of educational manpower flow through the training sequence and into the institutional system also were initiated in fiscal year 1972-73.

12. The 1972 Consolidated Program Information Report was shortened resulting in considerable reduction in burden. Technical assistance grants were provided to facilitate more timely and accurate response to this survey of local education agencies covering participants, staff, and finances of Federally funded programs.

13. A comprehensive report, on the extent and types of participation in adult education will be published, in fiscal year 1973.

14. A Manual for Manpower Accounting in Higher Education was published.

15. A first-time survey and report on the educational role of nonprofit community organizations was completed in fiscal year 1973.

16. A cost-sharing project with State departments of education in acquiring career education data was successfully carried out. The actual numbers of States contracted with was 44.

Request for fiscal year 1974:

The request includes an increase of $3,150,000 for ongoing statistics programs. Of this increase, roughly $1,470,000 is for the transfer of the activities of the Joint Federal State Task Force on evaluation previously funded under Elementary and Secondary education. The remainder of the increase is to meet the critical data requirements of policy makers and program managers. Most of the increase will be for starting or expanding the major projects outlined below.

1. The Elementary School Survey will be conducted using redesigned instruments from those last used in fiscal year 1971. The survey will provide information on pupil population groups that have been the subject of Federal legislation, i.e., children from low-income areas, handicapped, migrant, and children from nonstandard English speaking environments. Information will also be obtained on the services provided and the impact such services have had on the participant children.

2. The merging of Census data with ELSEGIS financial data will be completed, providing a data base to assist the equitable funding of public education among school districts in States and the improved allocation of Federal discretionary program funds. The system to retrieve census data by school district will be updated to allow for school district boundary changes since 1970. The merging of these data will be highly useful for State planning for revenue-sharing.

3. Work on the Anchor Test Study, which is developing national norms for equating seven reading tests widely used in American elementary schools, will continue into fiscal year 1974 and should terminate with a new set of tables of score equivalents about March 1974. A contract will be let during fiscal year 1974 for

the further analysis of data from the current Anchor Test Study. This analysis will focus on the distributions of test scores for various population subgroups including children from various socio-economic groups. A feasibility study will also be conducted to develop procedures for extracting test scores from other data collection instruments and translating such scores into a common metric for program evaluation purposes.

4. An update of the Library Statistics Manual last published in 1966, an integral part of the development of the Library General Information System (LIBGIS), will be undertaken in fiscal year 1974.

5. The first follow-up of the National Longitudinal Study of the High School Class of 1972 is planned to be initiated in September 1973. Plans for the second follow-up of the current cohort and for an additional cohort to be initially field tested in the spring of 1975 will be developed. This new effort will probably begin with tenth grade students and will provide information on high school dropouts and their future occupational and educational experiences.

6. A first-time survey of noncollegiate postsecondary schools (including proprietary schools) to provide data on their enrollments, programs, teacher characteristics, as required to support planning for implementing the Education Amendments of 1972, will be completed in fiscal year 1974. A second more detailed version will be implemented later in fiscal year 1974, providing a richer data base for analyses and the measurement of change in these specialized institutions.

7. Educational manpower statistics will continue along two major thrusts: (a) work will be continued on the development of improved models for forecasting changes in the supply of and the demand for teachers; (b) assistance to, and collaboration with, States will continue in the effort to develop educational manpower statistics collection and analyses systems to meet the States' own planning needs as well as Federal needs. The States' systems will be compatible with the development of the Common Core of Data, and become a part of it as that program becomes operational.

8. A significant portion of the additional funding and staff requested will be focused on expediting publication of reports which, particularly in the last year, have been inordinately delayed by reduction or elimination of overtime, temporary employees, and other resources normally used to expedite publications.

9. Quantitative information on expected outcomes in fiscal year 1974 from this program is shown below:

New survey instruments to be designed	27
Surveys to be conducted (data collections)	23
Statistical publications to be prepared	52
Reference service for special requests	11,500

	1973 Estimate	1974 Estimate	Increase or Decrease
(a) Educational statistics			
(2) Common core of data.............	$ ---	$ 500,000	$+500,000

Narrative

Program Purpose:

The Common Core of Data program (CCD) is a major new initiative by the Office of Education to replace the current uneven and largely inadequate provision for educational statistics in the 50 States, 6 outlying areas, and the District of Columbia by an integrated and interlocking system of educational statistics to meet Federal, State, local and institutional needs for planning and management. The Federal Government will play a leadership role in stimulating development of integrated information systems to provide data concerning the formal education system--the schools and postsecondary institutions--and the informal education system made up of libraries, museums, educational broadcasting, and other press media.

This program will provide eventually for the full complement of data and data services needed for effective management of the American education system. The framework for State data collection, comparability among States, and analysis and reference service, to be developed under CCD will be an important asset to State management of resources under revenue sharing.

This program is intended to resolve the severe problems developing between the Federal Government and the States concerning provision of educational data. The Office of Education requires large amounts of data for management of its programs, for evaluation, and to carry out its responsibility for providing statistics on the condition and progress of American education for use in planning and policy development at all levels. In the implementation phase, CCD will provide financial systems and developmental systems in the form of expert consultation on statistics and computer-assisted information systems. The Council of Chief State School Officers has endorsed this program as the best solution to the joint Federal-State problem of the ever increasing need and demand for educational management and evaluative data.

Accomplishments in fiscal year 1973:

These activities were funded under the surveys and special studies line item during fiscal year 1973. Grants were awarded to four States to identify State user requirements for educational finance data. The four States, Michigan, New York, Rhode Island, and Texas, have completed their work. A contract was awarded for the preparation of operational planning materials for the CCD program. These materials provide basic planning guides for sector, module and level development plus planning factors for costing, staffing, scheduling and coordination.

Educational finance issues based on the work of the President's Commission on School Finance, the National Education Finance Project and the Commissioner's Task Force on School Finance are being identified. An outgrowth of this work will be the identification of data elements needed to analyze the major issues. A request for proposals has been developed leading to award of a contract in fiscal year 1973 to develop the CCD Federal Core of Data Elements for the elementary/secondary sector. A grant program has been announced leading to the documentation of the implementation of revised Handbook II Financial Accounting for Local and State School Systems, in three local education agencies.

The CCD Advisory Committee on the Elementary-Sector has met twice and provided guidance on the course of development of this sector. A steering group on the postsecondary sector has been appointed and has held one meeting. A subgroup of the steering committee met to define the issues in postsecondary education and their implications for data requirements.

Request for fiscal year 1974:

The fiscal year 1974 objectives are described under three mutually supporting program activities: (1) State System Design, (2) Statistical Standards and Tools, and (3) Data Publications and Reference Activities.

1. State Systems Design: Funds for planning and feasibility testing are requested for fiscal year 1974. The major tools for the planning of the Federal/State integrated educational data system in fiscal year 1974 for both the elementary secondary and the postsecondary sectors are:

a. Grants to fund State reviews of the Federal finance core and to identify the core of data for State and local education agencies;

b. A contract to identify Federal core requirements for pupil data;

c. A contract to identify user requirements leading to definition of the Federal finance core for postsecondary education and for expansion of the Federal finance core to meet State needs.

2. Statistical Standards and Tools: An explicit program will be introduced and operated to set standards and provide technical leadership in the organization and use of quantitative data relating to all aspects of American education. The data standards effort in fiscal year 1974 provides for the revision of terminology standards for property accounting for elementary and secondary education and for higher education space utilization. Handbooks, initially focused on higher education, will be reviewed and revised if necessary for broad application to the entire postsecondary sector. Planning will be initiated for the developmental assistance program for the States which will include standard process and report format control, software to assist exchange of data between States, and conduct of technical demonstration projects and State workshops.

3. Data Publications and Reference Activities: This program activity provides educational statistics tailored to specific requirements of the Executive and Legislative Branches of the Federal Government, the executive and legislative needs which State governments have in common, and those general to local educational agencies. An analysis activity will be implemented to provide statistical analyses of educational data in relation to employment and other data. Responsibilities will include analyses to estimate educational needs and analytic assessment of trends and relationships over time. The data analysis resources will strengthen the Federal capability for effective joint action with the States, as new insights indicate operational, program, or policy possibilities for improvements in the effectiveness of the educational system.

The long-range objective is to build an educational data system adequate to the needs of States, institutions, and Federal decision-makers. CCD will incorporate the necessary elements at a level of effort commensurate with the problem and realistic time planning which permits testing of concepts and of the feasibility of new approaches. The fiscal year 1974 program will be a modest planning phase, which will build upon operational planning materials, the Federal finance core, and four State user requirements studies to specify the State and local finance core requirements or the CCD system. A review of data availability and the analysis of data systems will highlight commonalities among States and, by comparison, will suggest possible directions of self-improvement.

During each of the fiscal years from 1975-79 a new module of the data system (finance, pupils, staff, facilities and curriculum) will be introduced and system development for an additional level and sector of education (postsecondary, libraries and museums, and educational media) will be started.

The potential costs of not knowing what we should about American education are important to our use of Federal funds, and of even more significance to the education of tomorrow's citizenry. CCD is an orderly plan to provide what we need to know on a cooperative, efficient, technically advanced, manageable program basis.

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) National achievement study (Cooperative Research Act)........................	$6,000,000	$7,000,000	$+1,000,000

Narrative

Program Purpose:

The Office of Education, through a grant to the Education Commission of the States (ECS), collects information about the educational attainment of young Americans in terms of their knowledges, skills, understandings, and attitudes. Its major goals are: to provide national data on the educational attainments of young Americans by subject areas; and to measure change in such educational attainments over a five-year interval. Results are summarized nationally and by sex, race, and major geographic region. This data will help answer the question: "How much impact on educational attainment is the Nation's investment in education bringing about?" Over time, the data will highlight those categories of students whose achievement and improvement in given subject areas fall short of national education aspirations.

These goals are met by recurrent collection and analysis of data in ten broad subject matter areas (art, music, social studies, mathematics, science, career and occupational development, reading, literature, citizenship and writing) using representative national samples of four age groups: 9-year olds, 13-year olds, 17-year olds, and the 26 to 35-year olds. Typically, national summary results are reported the year following collection, and comparative results early the year after that.

Accomplishments in fiscal years 1972-1973:

In addition to producing summary and analytical reports regarding its own efforts, the National Achievement Study provides statements of clear educational objectives and assists individual States in their own assessment projects.

The surveys of all four age groups measured achievement in social studies and music in 1972 and mathematics and science (second cycle collection) in 1973. About 90,000 individuals are sampled each year, using both school surveys for students and household surveys for young adults and out-of-school 17-year olds.

National results were reported in writing, reading, literature, and social studies. The first reports of nationwide results have been publicized and analyzed by the media and have stimulated great interest and assessment activity in the educational community. Additional analytical reports have been prepared for citizenship, writing, reading, literature; analyses of data gathered in the social studies, music, mathematics, and second-cycle science collection are under way.

Objectives in each subject, defined as a basis for test exercises, and representative items from the exercises used in each subject, are made available after each survey. The objectives were prepared in consultation with educators, testing specialists and lay citizens. Schools have obtained materials on educational objectives in the ten subject areas to use as guidelines for curriculum review, and several States have used NAEP (National Assessment of Educational Progress) exercises to conduct their own assessments. For example, Connecticut, Iowa, Massachusetts, and Maine have conducted State assessments drawing on the methods and procedures of NAEP. The project regularly provides information to all State agencies and conducts workshops to assist those interested in adapting the model. Approximately twenty States currently are reviewing the study for possible adaptation.

Research efforts include the planning of future studies of nonsampling error and completion of a study analyzing the size and type of community stratification to improve the sample design. Policy was developed to make study data available to secondary users for research and analysis. The possibility of adding input variables to the achievement study in future years is being explored.

Professional groups including teachers of science, citizenship, social studies and reading have developed studies to interpret assessment results to the educational community. Meetings with publishers and the Council of the Great City Schools were held to make the data available and accessible.

Request for fiscal year 1974:

Results will be reported on the second science assessment to permit, for the first time, comparisons to be made between the attainment of like groups of Americans over a period of time. National data will be reported in music and mathematics. Further analytic reports on prior data collections will be prepared including comparative data on music and social studies. Data will be collected in career and occupational development (first cycle) and writing (second cycle).

The increase of $1,000,000 in fiscal year 1974 will be used for wider activities in dissemination and reporting made necessary by the availability of results in seven of the ten subject areas; to meet the demand for technical assistance from States and localities adapting the achievement model; and to develop the design, analysis and reporting formats which will compare first and second cycle data, beginning with science. The Office of Education will support analytical studies of the data results reported which will contribute to national policy guidance for allocation of Federal resources to education based on Achievement findings; these studies will be supported as well by the requested increase.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: Education Professions Development
(a) Teacher Corps (EPDA, Part B-1)

	1974	
1973	Authorization	Budget Estimate
$37,500,000	1/	$37,000,000

1/ Total EPDA authorization is $300,000,000, of which $37,500,000 or 25 percent, whichever is greater will be for EPDA, Part B-1.

Purpose: This activity is directed toward improving educational opportunities for children of low-income families, and improving the quality of programs of teacher education for both certified teachers and inexperienced teacher interns.

Explanation: Grants are made to colleges or universities and associated local school districts. Proposals must be approved by respective State departments of education.

Accomplishments in fiscal year 1973: In fiscal year 1973, half of the request will provide support to upgrade skills of certified teachers and the rest will be used to train new interns in subject areas, locations, or levels where shortages still exist. At the $37,500,000 funding level about 3,216 continuing participants and 1,700 new participatns would be supported. In addition, approximately 9,000 community participants would work with local volunteers. Funds would also be used to supplement existing programs in correctional institutions.

Objectives for fiscal year 1974: Each Teacher Corps project will use inservice training of experienced teachers as an integral part of each Teacher Corps team. To this extent, the request will provide support to upgrade skills of certified teachers as well as to train new interns in subject areas or levels where shortages still exist. At the $37,500,000 funding level about 3,230 continuing participants and 1,686 new participants will be supported. In addition, approximately 9,000 community participants would work with local volunteers. The Teacher Corps will continue to expand its orientation for bilingual education and it is projected that $1,000,000 of the request will be directed to developing and implementing projects with this particular program focus. The request will also support projects serving the Indian population.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: Education Professions Development
(b) Elementary and secondary development, EPDA, Part D
(1) Urban-rural school development program

	1974	
1973	Authorization	Budget Estimate
$12,135,000	1/	$11,022,000

1/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

Purpose: This program was designed to help improve schools by means of comprehensive staff development programs developed with local school-community councils. There are three planned models: (1) concentration on the entire staff of a single school, or a trio of schools that feed each other; (2) concentration on staffs of schools in a larger target area in urban or rural districts; (3) staff development in centers run by state education authorities in collaboration with local school districts. Two special developmental assistance components are designed to provide models of staff development based on demonstrated performance competencies and to provide specialized protocol and training materials.

Explanation: The Commissioner is authorized to award grants or contracts to local educational agencies, state educational agencies, and institutions of higher education.

Accomplishments in fiscal years 1972-1973: In fiscal year 1973, funds will continue support for the 41 projects during their second operational year in a projected five-year program. These projects serve approximately 6,500 school staff and community members. Beginning July 1, 1973 this program will be administered by HEW regional offices. Developmental assistance on a national basis will be the function of central office staff through two Leadership Training Institutes based in California and Florida.

Objectives for fiscal year 1974: (1) Continue support for 41 projects with plans developed for local adoption as federal assistance begins to diminish; (2) Compile case studies, handbooks, and training materials for use by other sites; (3) evaluate role of school-community council; provide assistance in incorporating components such as needs assessment, community involvement, priority setting, and comprehensive planning and staff development as integral parts of the local school systems.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: Education Professions Development
(b) Elementary and secondary development,
EPDA, Part D:
(2) Career opportunities

1973	1974 Authorization	1974 Budget Estimate
$23,572,000	1/	$22,853,000

1/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

Purpose: This program is a nationwide career lattice model to improve the learning of children from low-income families by training new kinds of individuals, low-income community residents, and Vietnam-era veterans in positions as paraprofessionals toward eventual teacher certification. The program aims at finding better ways of utilizing existing school personnel through developing career lattices of positions, encouraging participation of parents and community in educational processes, and increasing cooperative relationships among related programs, agencies, and institutions.

Explanation: The Commissioner is authorized to make grants to or contracts with local educational agencies, state educational agencies, and institutions of higher education.

Accomplishments in fiscal year 1973: Funds will enable the continuation of all 130 COP projects and the 8,800 current participants. Beginning in July, 1973, this program will be administered by the Department of Health, Education, and Welfare regional offices. National developmental assistance will be provided and coordinated by central office staff. Every COP project has formal and informal linkages with other agencies and institutions--in particular, Housing Urban Development, Title I of the Elementary Secondary Education Act, and the Right to Read Program. During this year components will be strengthened in reading, drug abuse education, and special education.

Objectives for fiscal year 1974: 1. Continue training for approximately 8,800 participants; 2. Provide national developmental assistance; 3. Determine impact of program in terms of (a) number of trainees placed in jobs, (b) changes in certification criteria and course requirements, and (c) institutional change. Follow-up of COP graduates is also planned.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: Education Professions Development
(b) Elementary and secondary development, EPDA, Part D:
(3) Categorical programs:
a. Teachers for Indian children

	1974	
1973	Authorization	Budget Estimate
$2,730,000	1/	$ ---

1/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

Purpose: The purpose of this program is to prepare "persons to serve as teachers of children living on reservations serviced by elementary and secondary schools for Indian children operated or supported by the Department of the Interior, including public and private schools operated by Indian tribes and by nonprofit institutions and organizations of Indian tribes." Preference shall be given to the training of Indians.

Explanation: Grants may be made to institutions of higher education and other public and private nonprofit agencies and organizations for the purpose cited above.

Accomplishments in fiscal year 1973: Approximately $1,700,000 will be used to continue a number of ongoing multi-year funded projects which meet the intent of this legislation. These projects, some of which are cooperative projects with the Bureau of Indian Affairs and the Office of Economic Opportunity were formerly under the Career Opportunities Program, the Educational Leadership Program, and the Pupil Personnel Services Program. An additional $1,030,000, therefore will be spent for new one-year projects or new components to existing projects under the Teachers for Indian Children Program. The overall goal of this program will be to increase, through recruitment and training, the number of Indians teaching Indian children, although efforts will also be made to increase the skills of teachers currently serving children on reservations, and providing career lattices for potential Native American teachers.

Objectives for fiscal year 1974: No funds are requested for this categorical training program in 1974. Financial support for persons who wish to become teachers of Indian children is available from other sources.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: Education Professions Development
(b) Elementary and secondary development, EPDA, Part D:
(3) Categorical programs:
b. Bilingual educational personnel training

	1974	
1973	Authorization	Budget Estimate
$2,730,000	1/	$ ---

1/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

Purpose: This activity is for the training of teachers for service in programs for children with limited English speaking ability.

Explanation: Grants may be made to institutions of higher education, local education agencies, and state education agencies to improve the qualifications of persons who are serving or preparing to serve in elementary or secondary schools, or to supervise or train persons so serving.

Accomplishments in fiscal year 1973: Fiscal year 1973 funds will be used to support ongoing projects with multi-year commitments which meet the requirements of this mandate. Approximately 12 bilingual projects will be funded. Preference in participants is given to bilingual, bicultural personnel, and when possible, preference in the selection of trainees has been given to personnel involved in projects funded under Title VII of the Elementary and Secondary Education Act. This program is helping to develop educational personnel in an area of severe shortage as well as fostering institutional change. Persons being trained include teachers, aides, supervisors, and trainers of teachers.

Objectives for fiscal year 1974: No funds are requested for this categorical program in 1974. Financial assistance for persons who desire to enter this field is available from other sources.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: Education Professions Development
(b) Elementary and secondary development
(EPDA, Part D)
(3) Categorical programs:
c. Personnel development

1973	1974 Authorization	1974 Budget Estimate
$8,381,000	1/	$ ---

1/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

Purpose: To provide educational personnel development projects aimed at all levels and stressing particular skills needed to improve services to children in regular classrooms, with an emphasis on low-income children.

Explanation: Grants are made to institutions of higher education, State education agencies, and local education agencies to strengthen skills of existing educational personnel in such areas as guidance and counseling, early childhood education, educational leadership, and knowledge and use of protocol and training materials.

Accomplishments in fiscal year 1973: Funds will enable the continuation of multiyear funded ongoing projects which will train about 9,000 educational personnel in academic year 1973-74. Projects will be in the areas of early childhood education, pupil personnel services, educational leadership, trainees of teacher trainers, and differentiated staffing. Within the context of these programs special emphasis will be placed on developing strategies for capitalizing on lessons learned in these educational personnel development programs and encouraging institutional reform in the field.

Objectives for fiscal year 1974: No funds are requested for this categorical program in 1974. Financial support for persons who wish to become teachers is available from other sources.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: Education Professions Development
(b) Elementary and secondary development
(EPDA, Part D)
(4) Exceptional children

1973	1974 Authorization	1974 Budget Estimate
$4,112,000	1/	$ ---

1/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

Purpose: To train educational leaders, regular classroom teachers and other educational personnel to deal effectively with exceptional children who are in regular, rather than special, classrooms. There is a growing trend (primarily as a result of court decisions and legislative or State mandates) to integrate children with physical handicaps or learning difficulties into regular classrooms, where the regular classroom teacher is not necessarily equipped to deal with their special needs. This program therefore concentrates on providing that help through training, through the production of training and protocol materials, and through developmental assistance to State and local education agencies and institutions of higher education.

Explanation: The Commissioner is authorized to make grants to state and local educational agencies and institutions of higher education to carry out the above activities.

Accomplishments in fiscal year 1973: Sixteen projects will be funded (including one which will produce training materials). Every effort will be made to assist states and school districts, which are undergoing the change of integrating former special education children into regular classrooms, through developmental assistance. It is hoped that a project designed to help the Houston Independent School District will serve as a model for schools undergoing similar change.

Objectives for fiscal year 1974: No funds are requested for this program in 1974. Financial support for persons who want to be trained to educate handicapped children in regular classrooms is available from other sources.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: Education Professions Development
(c) Vocational education (EPDA, Part F)

	1974	
1973	Authorization	Budget Estimate
$6,900,000	1/	$ ---

1/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

Purpose: This activity provides support to assist State and local education agencies and institutions of higher education in strengthening their efforts in recruiting and training individuals for the broad aspects of career and vocational education.

Explanation: Grants for fellowships are made to institutions of higher education that offer graduate study in a comprehensive program of vocational education that is approved by the State board of vocational education. Grants are also made directly to State boards for vocational education and for cooperative arrangement training activities with schools, private business or industry, or other educational institutions.

Accomplishments in 1973: The States received grants of a minimum of $34,000, with larger States receiving commensurately higher amounts proportionate to their unmet needs as reflected in their approved State Plan for Vocational Education. This program will be decentralized by June 30, 1973. The fellowship program has been broadened to include a wide array of leadership development activities. The program stresses increasing leadership capabilities in all educational agencies to enable them to provide for development and coordination of career education personnel development for all educational levels. At present there are seven institutions continuing their graduate level program being supported by Federal funds and a number of leadership personnel being supported with State funds.

Objectives for fiscal year 1974: No funds are requested for this program in 1974. Funds for training in vocational education and educational leadership are available from other sources.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: Education Professions Development
(d) New careers in education, EPDA,
Part A, Section 504

	1974	
1973	Authorization	Budget Estimate
$500,000	1/	$---

1/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

Purpose: The purpose is to attract qualified and diverse persons to the field of education who ordinarily would not consider this field either on a full-or part-time basis. Artists, scientists, homemakers and others are encouraged to undertake teaching or related assignments on a part-time or temporary basis. Capable youth are attracted to the field by identifying them at a point when they are forming their first realistic career plans, in high school, and encouraging them to investigate careers in education.

Explanation: The Commissioner is authorized to make grants to or contracts with State or local educational agencies, institutions of higher education, or other public or nonprofit agencies, organizations or institutions, and to enter into contracts with private agencies, institutions, or organizations.

Accomplishments in fiscal year 1973: Fiscal year 1973 funds are continuing several of the projects begun in prior fiscal years as well as to sponsor dissemination and workshop activities.

Objectives for fiscal year 1974: No funds are requested for this recruitment program in 1974 because of the general surplus of educational personnel.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: Education Professions Development
(e) Higher education (EPDA, Part E)

	1974	
1973	Authorization	Budget Estimate
$8,000,000	1/	$ 2,100,000

1/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

Purpose: Title V, Part E of the Higher Education Act of 1965 authorizes grants to and contracts with colleges and universities for the purpose of training present or prospective college teachers, administrators and educational specialists at less than the doctoral level. Funds may be used to support institutes and short-term training programs, and fellowships for full-time graduate study.

Explanation: Funds in support of institutes and short-term training programs cover the direct operating costs of the program, the indirect costs, and provide stipends for participants. Awards for fellowship programs provide stipends for graduate fellows and an institutional cost-of-education allowance for each student. Fellowships may not be used for graduate programs eligible for support under Title IV of the National Defense Education Act. Multi-year awards are sometimes made which provide support for programs extending over two or more years. Applications are reviewed by a panel of field readers and by the Office of Education.

Accomplishments in 1973: Of the fiscal year 1973 amount, $2,268,000 would be used for continuing 349 fellowships in their second year of study. The remaining $5,132,000 would support about 125 institutes and short-term training programs enrolling an estimated 7,400 trainees.

Objectives for fiscal year 1974: The request would provide for 322 fellowships which will be concentrated in areas of national priority, such as preparing student financial aid officers and the preparation of minority persons for positions in community colleges and higher education institutions.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: 2. National priority programs
(a) Educational technology demonstrations
(1) Educational broadcasting facilities (Communications Act of 1934, Title III, Part IV)

	1974	
1973	Authorization	Budget Estimate
$13,000,000	1/	$10,000,000

1/ Authorization expires June 30, 1973.

Purpose: The purpose of this program is to assist in the establishment, expansion and improvement of noncommercial broadcasting facilities to serve the educational, cultural, and informational needs of Americans in their schools, homes, and local communities. Facilities purchased with assistance from this program enable States and locally-controlled public television and radio stations to air educational and community-service programs which suit and satisfy the needs of local audiences. Educational broadcasts, both those produced nationally and locally provide significant alternatives to those which commercial stations and networks can provide.

Explanation: The Secretary has authority to approve matching grants for the acquisition and installation of electronic equipment to be used in noncommercial educational broadcasting stations -- only broadcast systems are eligible. These grants may be awarded to the following eligible applicants: (1) public school systems; (2) tax supported colleges and universities; (3) State educational television and/or radio agencies; (4) nonprofit foundations, corporations, or associations authorized to engage in noncommercial broadcasting; and (5) municipalities which own or operate a facility used only for noncommercial broadcasting.

Accomplishments in 1973: In fiscal year 1973, the funds assisted in the establishment or improvement of 75 noncommercial radio and television stations. Grants enabled 12 new public radio stations to get on the air and improved the broadcasting capability of 16 operating public radio stations. Grants for public television facilities activated 10 new stations, and improvement grants assisted 38 existing stations.

Objectives for 1974: After fiscal year 1973 awards, there remained pending approximately 80 applications requesting more than $20,000,000 in Federal funds. It is anticipated that a $10,000,000 appropriation for this program will provide matching grants to support about 52 projects. This would include the activation of 12 new noncommercial radio stations and grants for improving or expanding the broadcast facilities of 10 noncommercial radio stations. The primary emphasis in support of the noncommercial radio facilities will be on reaching the top 100 major urbanized areas in the U.S. By the end of fiscal year 1973, 59 of these major population areas will have full-service noncommercial radio stations reaching approximately 70 percent of the population.

Emphasis in television support will continue to be on providing local stations with support for the purchase of up-to-date equipment, enabling local stations, for example, to obtain color film and videotaping equipment, for locally-originated production and program distribution. Except for the activation of 10 stations, principally in metropolitan areas of at least 250,000 persons, grants will help improve or expand the broadcast-related facilities of 20 stations.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: National priority programs:

(a) Educational technology demonstrations:
(2) Sesame Street and The Electric Company

	1974	
1973	Authorization	Budget Estimate
$6,000,000	$ 1/	$3,000,000

1/ Authorized under the Cooperative Research Act which has a total authorization of $68,000,000 in fiscal year 1974. The total requested under this authority is $64,900,000 in this and other appropriations.

Purpose: Support will be continued to Children's Television Workshop for the development, production and utilization of Sesame Street and The Electric Company.

Explanation: Under the Cooperative Research Act, Children's Television Workshop will receive a grant for research and development activities related to the production of their two children's television programs. Sesame Street is entering its fifth year of production and The Electric Company will be in its third production cycle.

Accomplishments in 1973: Current estimates indicate that Sesame Street reaches an audience of almost 12,000,000 children. The Electric Company reaches children in 6,000,000 households. School use of The Electric Company program is rapidly increasing.

Objectives for 1974: A reduction in research and development requirements along with funds generated from the sales of Children's Television Workshop produced or sponsored educational materials, will enable a reduction in Office of Education support for Sesame Street and The Electric Company. A grant of $3,000,000 should enable Children's Television Workshop to continue its preschool, in-school and home broadcasts.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: 2. National priority programs
(b) Drug abuse education (Drug Abuse Office and Treatment Act of 1972, Section 410) 1/

	1974	
1973	Authorization	Budget Estimate
$12,400,000	$100,000,000	$3,000,000

1/ Authorization for fiscal year 1973 and prior was the Drug Abuse Education Act of 1970, which expires on June 30, 1973.

Purpose: The National Drug Education Program helps schools and communities assess and respond to their drug abuse problems by becoming aware of the nature of the problem and developing programs to attack its causes, rather than merely responding to its symptoms. The program strongly encourages a coordinated community effort.

Explanation: The funds are primarily allocated as project grants aimed at developing leadership teams at the State and local levels through a variety of training programs and technical assistance to programs developed by community teams.

Accomplishments in 1973: Fiscal year 1973 funds are being used to support operations from July 1973 through June 1974 at the 55 State and territorial projects, at 48 college and school/community-based projects (at significantly reduced levels), at the training centers (which will train 1,000 minigrant teams), and at the National Action Committee (also at a reduced level); $900,000 will fund a large evaluation of the Help Communities Help Themselves program (training community teams).

Objectives for 1974: The Program will support pilot demonstation projects to validate models of drug abuse prevention geared to particular communities with particular problems rather than support large-scale assistance. In addition, some community-oriented projects previously supported by the Office of Education will be funded by the National Institute of Mental Health in 1974.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: National priority programs:

(c) Right to Read (Cooperative Research Act)

	1974	
1973	Authorization	Budget Estimate
$ 12,000,000	$ 1/	$ 12,000,000

1/ Authorized under Cooperative Research Act which has a total authorization of $68,000,000 for fiscal year 1974. The total request under this authority is $64,900,000 in this and other appropriations.

Purpose: The purpose of this program is to increase substantially functional literacy in this country--to insure that by 1980, 99 percent of the sixteen year olds in the United States and 90 percent of the people over 16 shall be functionally literate; that is, that they will possess and use the reading competencies which an individual must have to function effectively as an adult in our society.

Explanation: Eligible grantees include local education agencies, institutions of higher education, State education agencies, and other public and private agencies. Grants will be reviewed by teams with membership from the Office of Education, other government entities, and non-government groups.

Accomplishments in 1973: In fiscal year 1973 this program will continue expansion of 214 local school and community projects; continue expansion of Right to Read States; continue coordination activities with related programs in the Office of Education; continue and expand technical assistance capability to include State education agencies; increase identification, validation, packaging, and marketing of effective reading programs; establish close liaison with the National Institute of Education; continue cooperative activities with and monitoring of the National Reading Center; coordinate "Reading is Fundamental" activities with Right to Read; fund an adult educational television series; and collect baseline data on all funded Right to Read projects.

Objectives for 1974: The objectives for fiscal year 1974 include the following: (a) the completion of the expansion of Right to Read States; (b) the funding of 50 community based projects serving 30,000 children; (c) the development of models and implementation strategies for 9 Office of Education reading related programs; (d) the continuation of validation of model reading programs for local use; (e) the development of model and implementation strategies for effective utilization of technology in improved reading instruction; (f) the development of a plan for retraining all teachers in reading by States; (g) the continuation of the assistance and support of the National Reading Council's efforts to involve the private sector; and (h) the development of planning material to assist State education agencies in the planning and implementation of State-wide reading programs.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: 2. National priority programs
(d) Environmental education (Environmental Education Act)

	1974	
1973	Authorization	Budget Estimate
$3,180,000	1/	---

1/ Authorization expires as of June 30, 1973.

Purpose: The goal of environmental education is to help assure the availability of locally relevant, effective, and useable environmental education resources and thus promote adequate opportunities for citizens to achieve "environmental literacy" for environmental improvement.

Explanation: Funds are available to any nonprofit agency, institution or organization for the support of environmental education demonstration projects.

Accomplishments in 1973: In fiscal year 1973, 175 projects are being supported. Emphasis will be given to further development of resource materials, personnel development, community education, elementary and secondary projects, and minigrant workshops for community groups.

Objectives for 1974: No funds are requested for this categorical program for fiscal year 1974. The primary purpose of the environmental education program has been to alert school systems of the need to include environmental subjects in their curriculum. This has been accomplished. Support for environmental education projects will continue to be available as part of broader purpose education authorities.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: 2. National priority programs
(e) Nutrition and health (Elementary and Secondary Education Act, Title VIII, Section 808)

	1974	
1973	Authorization	Budget Estimate
$2,000,000	1/	---

1/ Authorization expires June 30, 1973.

Purpose: This program demonstrates ways to organize local systems of child development services through more effective coordination of existing health and nutrition resources, particularly those of Federal programs.

Explanation: The program operates on a competitive project basis. Applications are submitted by local education agencies and are reviewed by an interagency review committee and by a panel of field readers. Chief State School Officers, State Title I coordinators, and HEW Regional Office staff are asked to comment on proposals.

Accomplishments in 1973: The twelve previously funded projects are continuing from prior years. This is the final year of Federal support for the eight projects initiated in fiscal year 1971. An evaluation design is being completed and will be implemented before the end of fiscal year 1973.

Objectives for 1974: No funds are being requested for this program in 1974. Sufficient models have been established. Projects will now be evaluated and successful practices disseminated.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: National priority programs:

(f) Dropout prevention (ESEA, Title VIII, Section 307)

	1974	
1973	Authorization	Budget Estimate
$8,500,000	$ 1/	$ 4,000,000

1/ Authorization expires as of June 30, 1973. This program authorization is automatically extended for one year at $33,000,000, under Section 413 of the General Education Provisions Act.

Purpose: This program is a discretionary grant program which provides federal funds directly to local school districts. It is designed to develop demonstration model programs, in selected public elementary and secondary schoo. [illegible] ng the number of students who leave school before high school graduat. [illegible] projects are located in schools which have excessive school dropout rates and large numbers of disadvantaged students. Models which are effective in these locations can be replicated by other school systems which have high dropout rates.

Explanation: In 1973, 19 projects will be continued and 2 new projects will begin. It is estimated that 100,000 students will be affected in 1974, making a total of 275,000 students reached by the fifth year of the Title VIII program.

Accomplishments Fiscal Year 1973: An analysis of current projects was made to identify the components which have been most successful in reducing the school dropout rate. The thrust to maximize effectiveness will be continued through emphasis on accountability, community involvement, evaluation design and measurement. Career Education was emphasized in all dropout prevention projects. Progress was generally measured by comparing data related to the 1967-68 school year (base year). An evaluation of projects shows the following interesting facts:

> The dropout rate in the selected schools of the Title VIII program has steadily decreased from 8.65% in 1968-69, to 6.7% in 1969-70, to 5.8% in 1970-71, to 4.5% in 1971-72. Approximately 1,500 fewer suspensions were reported in 1971-72 as compared to 1968-69.
>
> Projects with reading and math components have reported average gains of 1.5 to 2.0 years in student achievement.
>
> Forty businesses and industries are working cooperatively with the target schools providing school and work experiences for school youth.

Accomplishments Fiscal Year 1973: Two new one-year projects which are serving Mexican-American communities were developed. Interim reports indicate a continued improvement in reading and mathematic scores. School systems are continuing to adopt practices demonstrated by the Title VIII projects.

Objectives for 1974: Having accomplished its objective of demonstrating successful ways to deal with the dropout problem, results are being disseminated and the program phased-out. Nine demonstration projects begun in prior years will be continued through this last year of funding.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: Data systems improvement
(a) Educational statistics (Cooperative Research Act)
(1) Surveys and special studies

	1974	
1973	Authorization	Budget Estimate
$4,250,000 1/	2/	$7,400,000

1/ Base figure does not include $840,000 allocated for functions transferred to NCES for elementary and secondary program information surveys.

2/ Authorized under the Cooperative Research Act, which has a total authorization of $68,000,000 in fiscal year 1974. The total request under this authority is $64,900,000 in this and other appropriations.

Purpose: This program provides data on a current and responsive basis for planning, policy and administrative uses by Federal, State, local and institutional decision-makers.

Explanation: Contracts are awarded on the basis of competitive procurement to universities, and to commercial and nonprofit agencies; also contracts are awarded to State agencies for data collection.

Accomplishments in fiscal year 1973: In fiscal year 1973, funds were used to continue the longitudinal study of educational effects, to complete vocational education directories of secondary and postsecondary institutions, for prototype cost-sharing projects with most State departments of education, to make analytical studies of educational manpower, and conduct other studies relating to a systematic effort to reduce major gaps in educational statistics. In addition, a mapping project was completed which will make it possible to retrieve socio-economic data from the 1970 Census by individual school districts for analysis in conjunction with extensive educational data at the district level. Systematic investigation of major policy concerns in elementary-secondary finance has yielded analysis formats for Federal issue-oriented data.

Objectives in fiscal year 1974: In fiscal year 1974, the request will continue or complete activities funded in prior years. In addition, data will be collected for use in planning programs in career education and surveys of postsecondary institutions. The Federal elementary and secondary program information surveys (see footnote 1/ above), previously funded from other Office of Education appropriations, will be funded under this appropriation. Based on a 1973 study, school finance data elements required for Federal policy analysis will be added to data collection designs to provide this data on a time series basis. The ongoing school district survey program will be streamlined through survey consolidation, repackaging, and redesign. Improvements will continue to be made in the standards and quality of of data collected and the timeliness of the availability of recurring data. New statistical efforts will cover and document new developments in the areas of career education (e.g. survey of postsecondary institutions), Right to Read (e.g. Anchor Test), adult education (e.g. role of nonprofit community organizations), higher education management (e.g. student data manual), and other areas of high concern.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: Data systems improvement
    (a) Educational statistics (Cooperative Research Act)
        (2) Common core of data

	1974	
1973	Authorization	Budget Estimate
$ ---	1/	$ 500,000

1/ Authorized under the Cooperative Research Act which has a total authorization of $68,000,000 in fiscal year 1974. The total request under this authority is $64,900,000 in this and other appropriations.

Purpose: The Common Core of Data program (CCD) is a major new initiative by the Office of Education to replace the current uneven and largely inadequate provision for educational statistics in the 50 States, 6 outlying areas, and the District of Columbia by developing an integrated and interlocking system of educational statistics to meet Federal, State, local and institutional needs for planning and management. The Federal Government will play a leadership role in stimulating development of an integrated information system designed to provide data concerning the formal educational system--elementary-secondary schools and postsecondary institutions--and the informal education system, including libraries, museums, and educational broadcasting. State data collection, which will be compatible among States, and analysis and reference services, based on the resulting data banks to be developed under CCD, will provide an important asset at the Federal level as well as to State management of resources under revenue sharing.

Explanation: The development of effective coordinated statistical systems will be funded on a cost-sharing basis recognizing the Federal demands on States for data not compiled for State/local purposes, and reflecting also the Federal interest in inter-State comparability. Federal sharing is expected to be greatest during the design and implementation of new data system elements, after which the continuing Federal share of costs would be related to the Federal data demands, and to the ongoing adaptations to the system.

Accomplishments in fiscal year 1973: In fiscal year 1973 various grants and contracts were awarded to identify user requirements and necessary data elements to properly analyze major issues, and to develop basic planning guides for development of CCD Advisory committees have met to provide basic guidance on developing the elementary-secondary and postsecondary sectors of CCD.

Objectives for fiscal year 1974: Design work will be started on the core, i.e., the content of the financial components of a national integrated system of educational statistics to meet the requirements of Federal, State, local and institutional planning and management. For the elementary-secondary sector, planning will be carried out for implementation in 1700 school districts to start in fiscal year 1975. For the postsecondary sector, planning will be carried out for implementation in 250 institutions of higher education and in other public postsecondary institutions. A program will be started to set standards for collection and presentation and to provide technical leadership in the application and use of quantitative data relating to all aspects of American education. Reference activities will be tailored to specific requirements of Federal and State governments and local education agencies.

OFFICE OF EDUCATION

Educational Development

Program Purpose and Accomplishments

Activity: Data systems improvement
(b) National achievement study (Cooperative Research Act)

	1974	
1973	Authorization	Budget Estimate
$6,000,000	1/	$7,000,000

1/ Authorized under the Cooperative Research Act which has a total authorization of $68,000,000 for fiscal year 1974. The total request under this authority is $64,900,000 in this and other appropriations.

Purpose: The Office of Education collects information about the educational attainment of young Americans in terms of their knowledges, skills, understandings, and attitudes. Its major goals are: to provide national data on the educational attainments of young Americans by subject areas, and to measure change in such educational attainments over a five-year interval. Data is collected from a representative national sample of four age groups: 9-year olds, 13-year olds, 17-year olds and the 26-to 35-year olds.

Explanation: The National Achievement Study was authorized by the 90th Congress, and is carried out under the Cooperative Research Act through a grant to the Education Commission of the States in Denver, Colorado.

Accomplishments in fiscal year 1973: Achievement data is being collected for science and mathematics. Reports are being released for reading, literature, and social studies. Connecticut, Iowa, Massachusetts, and Maine conducted State assessments drawing on the methods and materials of the National Assessment of Educational Progress.

Objectives for fiscal year 1974: Results of the second science assessment will be reported and will permit time comparisons to be made for the first time. Results will be reported in mathematics, music and social studies. Assessments in writing (second cycle) and in career and occupational development (first cycle) will be conducted.

The 1,000,000 increase will be used for wider dissemination and reporting, to meet the demand for technical assistance by States and localities, and to develop design formats for reporting first and second cycle data. The Office of Education will support analytical studies which will contribute to national policy guidance for allocation of Federal resources to education based on Achievement findings.

Thursday, March 15, 1973.

EDUCATIONAL ACTIVITIES OVERSEAS (SPECIAL FOREIGN CURRENCY PROGRAM)

WITNESSES

PETER P. MUIRHEAD, ACTING DEPUTY COMMISSIONER FOR HIGHER EDUCATION

DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION/DESIGNATE

DR. JOHN W. EVANS, ACTING DEPUTY COMMISSIONER FOR PLANNING, EVALUATION, AND MANAGEMENT

DR. ROBERT LEESTMA, ASSOCIATE COMMISSIONER FOR INTERNATIONAL EDUCATION

DR. RICHARD THOMPSON, DIRECTOR, DIVISION OF FOREIGN STUDIES, INSTITUTE FOR INTERNATIONAL STUDIES

RICHARD RANNEY, EXECUTIVE OFFICER, INSTITUTE FOR INTERNATIONAL STUDIES

JOE G. KEEN, BUDGET OFFICER

JESS BERRY, BUDGET ANALYST

CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

OBJECT CLASSIFICATION

[In thousands of dollars]

	1972 actual	1973 estimate	1974 estimate
Travel and transportation of persons	15	32	17
Other services	302	644	343
Grants, subsidies, and contributions	2,325	4,962	2,640
Total obligations	2,642	5,638	3,000

PROGRAM AND FINANCING

[In thousands of dollars]

	1972 actual	1973 estimate	1974 estimate
Program by activities: Grants to American institutions (costs—obligations)	2,642	5,638	3,000
Financing:			
Recovery of prior-year obligations	−12		
Unobligated balance available, start of year	−268	−638	
Unobligated balance available, end of year	638		
Budget authority (appropriation)	3,000	5,000	3,000
Relation of obligations to outlays:			
Obligations incurred, net	2,630	5,638	3,000
Obligated balance, start of year	2,426	2,777	5,286
Obligated balance, end of year	−2,777	−5,286	−3,879
Outlays	2,279	3,129	4,407

Mr. Flood. We shall now take up "educational activities overseas, special foreign currency program." The presentation will be made by Peter P. Muirhead, Acting Deputy Commissioner for Higher Education.

Doctor, you have a very brief statement.

Mr. **Muirhead.** Yes, sir.

Mr. **Flood.** What would you like to do about it?

Mr. **Muirhead.** With your permission, sir, I should like to read it and then perhaps answer your questions.

Mr. **Flood.** Very well, you may proceed.

GENERAL STATEMENT

Mr. **Muirhead.** Mr. Chairman and members of the committee; the 1974 budget request for $3 million in U.S.-owned excess foreign currencies is to assist American education in providing selected training and research programs abroad in foreign languages, area studies, and world affairs.

The $3 million requested would enable the Office of Education to take advantage of U.S.-owned excess foreign currencies to help improve the quality of scholarship and teaching about the non-Western World in U.S. schools and colleges, promote research to advance our knowledge of other countries and cultures, and assist studies in cooperation with educational institutions abroad on topics of international concern.

The use of U.S.-owned excess foreign currencies in support of carefully selected educational research, training, and curriculum development activities abroad will help American schools and colleges increase the ability of Americans to understand, and deal competently with other nations and people.

I shall be pleased to answer any questions the committee may wish to ask.

Mr. **Flood.** You are asking for $3 million for this appropriation.

Mr. **Muirhead.** Yes, sir.

Mr. **Flood.** That is the same as you asked for last year.

Mr. **Muirhead.** Yes, sir.

PHASING OUT FOREIGN LANGUAGE TRAINING PROGRAM

Mr. **Flood.** In another part of the budget you are proposing to phase out foreign language training and area studies, that is NDEA title VI.

Mr. **Muirhead.** Yes, sir.

Mr. **Flood.** Why haven't you proposed to phase out the foreign currency program?

Mr. **Muirhead.** We feel that the foreign currency program can continue to provide a very useful service and continue to provide help to American colleges and universities. Our rationale for phasing out language and area centers under title VI of NDEA was based on our belief that we had strengthened language and area centers in a number of American universities, 106 centers to be precise, to the point where they could carry on that work without Federal support. This, of course, is a different situation. We are using excess foreign currency to help American universities by training personnel overseas.

REASONS FOR UNOBLIGATED BALANCES

Mr. **Flood**. On page 79 of the justifications you show $638,105 as the unobligated balance carried forward from 1972.

Mr. **Muirhead**. Yes, sir.

Mr. **Flood**. Did we give you too much money in 1972?

Mr. **Muirhead**. You did not give us too much money in 1972. But during 1972 certain things happened in a number of countries in which we had U.S.-owned currencies.

Mr. **Flood**. Bangladesh, I suppose.

Mr. **Muirhead**. Yes; very good.

We were not able to expend the moneys as we thought we would. With your permission, perhaps Dr. Leestma, who is the Associate Commissioner for International Education, might give us a little more complete answer to that.

Mr. **Flood**. Doctor, you have been around. Imagine waking up here in an appropriation committee some Monday morning and finding out we gave you too much money. That is not good.

Dr. **Leestma**. No, I think your record is spotless in that respect. You have never given us too much money for this program, sir.

Mr. **Flood**. Who gave it to you, the Senate?

Dr. **Leestma**. In this particular year, there were complications on the international scene that involved some foreign policy differences between the United States and two countries in which there are large balances of excess foreign currencies—India in the one case and Egypt in the other.

As you know, we have to prepare our program and budget estimates well in advance. Our batting average is pretty good but we cannot anticipate all of the things that may happen down the road a year or so. In this case, in the case of two countries, where we normally have sizable programs, the countries reduced or delayed the foreign government-sponsored activity they would permit in their countries. We believe that this reflected broader foreign policy differences, and that it was no reflection on our program which benefits both countries.

COUNTRIES WITH EXCESS CURRENCIES

Mr. **Flood**. At the end of your answer will you put in the record the names of the countries and the amount of currencies we have there?

For instance, all the zlotys in Poland and the rupees in India, and translate that into dollars, as best you can.

Dr. **Leestma**. We can give you a rough approximation of that now, if it would be of interest.

Mr. **Flood**. Make it as accurate as you can. What about the zlotys?

Dr. **Leestma**. We have about $330 million worth of zlotys in Poland owned by the U.S. Government.

Mr. **Flood**. What about the rupees?

Dr. **Leestma**. In the case of the rupees, it is about $825 million equivalent.

Mr. **Flood**. Cairo?

Dr. **Leestma**. Egypt is approximately $225 million.

Mr. **Flood**. What else?

Dr. **Leestma.** In fourth place in this listing is Pakistan with more than $100 million. Those four countries account for approximately 95 percent of the U.S.-owned foreign currencies available.

[The information follows:]

U.S.-OWNED FOREIGN CURRENCY AVAILABILITIES

On December 31, 1972, the U.S. Government held excess foreign currencies totaling some $1.7 billion. Of this amount, about $1.6 billion was available for U.S. uses and $0.1 billion was committed by international agreement to economic development and common defense within the respective countries.

The table below indicates the amounts of currencies available for United States use as of December 31, 1972, in each excess currency country.

Excess currency countries are those where the supply of U.S.-owned foreign currency exceeds expected requirements for more than the next 2 years. Excess currency designations are determined by the Treasury Department and announced by Office of Management and Budget Bulletins.

Distribution of foreign currencies available for U.S. uses by country, December 31, 1972

[Millions of dollars equivalent]

Country:	
Excess:	
India	$825
Poland	333
ARE (Cairo)	234
Pakistan	116
Yugoslavia	34
Tunisia	16
Burma	11
Guinea	6
Israel	1
Total	1,576

N.B. preliminary figures released by the Department of the Treasury, Bureau of Accounts, Division of Government Financial Operations, Feb. 12, 1973.

Fiscal year 1974 special foreign currency prorgam requests

[In thousands of dollars]

Department or Agency:	*Appropriation*
Library of Congress	$2,267
Department of Agriculture	11,000
Department of Commerce	2,940
Department of Defense	2,600
Department of Health, Education, and Welfare	8,912
Department of the Interior	1,630
Department of Labor	200
Department of State	5,038
Department of Transportation	500
Environmental Protection Agency	4,000
National Science Foundation	3,000
Smithsonian Institution	9,000
U.S. Information Agency	6,610
Total budget request	57,697

Mr. **Flood.** The thing that I am afraid of in these places is a sudden change in the philosophy of the local government and there go $300 million just like the snap of the fingers. If we could go in there and build certain facilities such as hospitals or libraries or nursing institutions before there is a revolution overnight of some kind. When you talk about $300 million, and $200 million in some of those places, that is precarious, that is something to worry about.

Dr. **Leestma**. Mr. Chairman, we share your general concern here, and it is for that reason we bring before you as carefully planned an estimate as we can of the amount of these funds that can be used effectively to strengthen American education while they are still available.

PROJECT IN INDIA

Mr. **Flood**. Among the accomplishments you list in your justifications is a project where you have 15 students in a 9-month program in India to study the Indian languages. What benefits were derived from this project?

Dr. **Leestma**. That is a good example, Mr. Chairman, of the one end of the spectrum of projects which this appropriation assists. At one end we have the highly specialized advanced training for those doctoral students who are going to become top flight specialists in the languages and cultures of other parts of the world. In this case, the students enrolled in the project you referred to are developing a level of proficiency in those languages that will make them among the top dozen or 20 specialists in Indian studies in American higher education.

Mr. **Flood**. Why do you think this is important?

Dr. **Leestma**. Mr. Chairman, if you would permit we would be pleased to provide for the record the number of native speakers of the languages which are listed in that project. I think you would be impressed with the numbers of people who speak those as their sole and native tongue. They are Hindi-Urdu, 125 million; Marathi, 50 million; Tamil, 48 million.

India, as you know, has something like 14 state languages.

Mr. **Flood**. What about countries other than India?

Dr. **Leestma**. Other important national languages for which advanced training programs abroad are assisted from this appropriation and the numbers of people who speak the language are: Arabic, 115 million; Polish, 38 million; Serbo-Croatian, 15 million.

PACE OF AMERICAN EDUCATION

Mr. **Flood**. Your plans for 1974 indicate an emphasis on, and I quote you, "Sectors of American education where study of the modern world has not kept pace with the times."

That is quite an indictment. What sectors of American education have you in your ivory towers determined are obsolete?

Dr. **Leestma**. I do not think the term obsolescence is quite fair in this context.

Mr. **Flood**. Not kept pace with the times. What is wrong with obsolete? That is a pretty good word.

Dr. **Leestma**. I think if you were to look at the curricula of most undergraduate education, most secondary education, most elementary education, you would find that in very few instances indeed is any substantial attention paid to those parts of the world where something like 85 percent of the population exists, and where an even higher percentage of the world's population will exist in the next 20 to 30 years.

If you take a look at the curricula of almost any of American education, you will find some attention to Western Europe. You will find little attention to the Soviet Union and Eastern Europe or China on to Latin America, Africa, the Middle East, and other places that increasingly help shape our future.

What little material is in the curriculum tends to be outdated and obsolete, as well as in many cases simply misleading. What this appropriation permits is some sophisticated attention to developing curriculum materials for teaching about the world; it helps develop specialists for teaching training, et cetera.

As you know, substantial portions of the American population come from at least two of the countries which are covered by this appropriation, Poland and Yugoslavia.

Mr. **Flood**. Yes; that is so.

ETHNIC HERITAGE IN AMERICA

Dr. **Leestma**. This appropriation, therefore, is particularly relevant to important parts of the ethnic heritage of this country.

Mr. **Flood**. I have always believed strongly about this. I think that a man can have two loves. He can love his wife and he can love his mother with equal intensity but with different kinds of love. You can love the United States of America, but there is no reason why you should not have a bit of love for the land from which your people came.

I have no time for these second generation people who say, "I am a hundred percent American." What am I, 99 percent? This is the United States of America. We are all minorities. Everybody is a minority of some kind. What is the matter with that? Nothing at all. We are missing something, at least I think so.

Dr. **Leestma**. We wholeheartedly concur, Mr. Chairman, and one of the encouraging trends in the United States——

Mr. **Flood**. I do not want you to get carried away. I am not talking about dollars, I am talking about people.

Dr. **Leestma**. We are, too. We are trying to do everything we can to help Americans appreciate more fully the ethnic heritage that each one of us represents, as well as the ethnic heritage of others in our society.

It so happens, fortunately—and I wish it were true in many more countries than it is now—that excess foreign currencies exist which we can use effectively to help increase intercultural understanding.

AWARENESS OF FOREIGN CULTURES

Mr. **Patten**. Mr. Chairman, if I may, when the Korean war broke out, we were going to send a large number of men over there. What was our position as a nation with respect to people who knew enough Korean to satisfy the needs of our military forces? As a nation did we have people who could speak Korean that we could call upon to act as interpreters?

Mr. **Flood**. We had about a corporal's guard.

Mr. **Patten**. Or foreign intelligence?

Let us be specific. We went into Korea. What did America know about Korea?

Mr. **Flood**. They could not spell it.

Dr. **Leestma.** That dramatizes our national ignorance of the area at that time. But because of the sustained accumulations under title VI we now have in this country a small group of experts on that country and on many other countries.

Mr. **Patten.** Let us put the shoe on the other foot. Suppose for the purposes of the State Department, the military, and the Government, generally, we do have need—and also for business purposes—to have more people to Russia. You mentioned how many languages in India? How many must there be in Russia?

Dr. **Leestma.** It is a very interesting question. While Russian is the most commonly and widely spoken in that nation, many other languages are spoken there, too. Not many people realize that Russia is not a culturally homogeneous society to the extent that a number of countries are. The official name of that nation is of course the Union of Soviet Socialist Republics, and no two of the 15 republics are alike.

Mr. **Patten.** Say we have people in Leningrad who are able to read and write in Russian and conduct business for our embassy and the like, if we sent him to Mongolia, would that be a different ball game?

Dr. **Leetsma.** It would.

OTHER COUNTRIES' KNOWLEDGE ABOUT AMERICA

Mr. **Patten.** That is not my question.

My question is just the opposite. What does Russia do so they have enough qualified people to know our habits and culture and our language, to read our papers and engineering and science magazines? Do they make a better effort than we do in this direction of educating enough people who will be knowledgeable about Egypt, about the Moslems, about the Indians?

Mr. **Flood.** You mean the U.S.S.R.?

Mr. **Patten.** Yes. How much effort do they put in compared to your $3 million?

Dr. **Leetsma.** Your question is a fundamental one, sir. In terms of the study of English and of the English-speaking world, the Soviets make an extensive effort. If you could see the extent to which they have English language training at different levels of instruction and their total translation effort, you would be impressed.

Bear in mind their task is a good bit easier than ours, because in America virtually everyone speaks English and, of course, in England they speak English.

Mr. **Flood.** English is a very irregular and difficult language to learn. It is marvelous that these foreign people learn it. Many of these languages are comparatively easy to learn because they follow definite rules of grammar and spelling. The English language does not.

I always admire the immigrants who learn English, which is irregular and tough to learn.

Dr. **Leestma.** Mr. Chairman, you are right on your linguistics, and I share your admiration for those who learn English as their foreign language. I did not speak as clearly as I should have. My point is that it is easier for the Soviets to cope with us because they only have to learn one language.

Mr. Patten. What did Japan do about English? We are talking about using some of these foreign currencies to the extent of $3 million and we are hesitating. The only reason you did not cut this is because it is not your money.

Mr. Muirhead. We are here in support of the $3 million because we think it can be used for a very useful purpose.

Mr. Patten. You stick to that.

Mr. Muirhead. Yes, sir.

Dr. Leestma. May I extend my comment quickly? You also asked a second question about what do the Japanese do. With your permission, I would like to insert some information for the record relevant to the Soviet Union and Japan. In addition we shall be pleased to send each member of the committee a recent publication of our organization which summarizes the Soviet program in international studies. It is entitled "Soviet Programs in International Education." I think you would find it very interesting.

Mr. Flood. We certainly would.

[The information follows:]

According to the most reliable estimates currently available, approximately 9 million students in grades 5–10 in the Soviet Union are studying English, and about 800,000 students in higher education are studying English. In the United States, about 23,000 students in grades 7–12 are studying Russian and about 36,000 students in higher education are studying Russian.

Here is some interesting population and language data on the U.S.S.R. from the first summary of the 1970 census, as reported in the September 1972 issue of Soviet Life, a Soviet Government publication:

Twenty-two nationalities number more than 1 million. The most numerous are the Russian with 129 million, Ukrainian with 40.7 million, Uzbek with 9.2 million, Byelorussian with 9 million, Tatar with 5.9 million, Kazakh with 5.3 million, Azerbaijanian with 4.4 million, American with 3.5 million, and the Georgian with 3.2 million.

Twenty-eight nationalities have populations of from 100,000 to 1 million and 10 nationalities have populations of from 50,000 to 100,000. There are dozens of other nations and nationalities besides. In all union republics the numerical growth of the nation that gave its name to the republic was accompanied by a growth in the number of people of other nationalities. Territories with ethnically mixed populations are growing.

The national structure of the population has changed somewhat due to the different rates of natural population growth of the different nationalities: The percentage of some has increased, while that of others has declined. The rate of natural growth is highest for the Uzbek, Tajik, and Turkmen peoples. However, under socialism these demographic processes do not lead to political or social complications. On the contrary, they show that socialism provides scope for the free demographic movement of each nation.

NATIONAL LANGUAGES

The percentage of people speaking their mother tongue is high, as a rule, amounting to from 80 to 90 percent. At the same time the census returns show that the nations and nationalities of the Soviet Union have freely chosen the Russian language for mutual communication. This is evident from the following table:

	Millions
People with a fluent command of Russian	183. 7
Russians	128. 9
Other peoples of the U.S.S.R	54. 8

As we see, 76 percent of the population speaks Russian fluently, which, apart from Russians, includes approximately half the non-Russian population. The following facts are also revealing. All in all, 141.8 million people (as against 124.1 million in 1959) gave Russian as their mother tongue in this census, including 128.8 million Russians and 13 million people of other nationalities. In

1959, 10.2 million people of other nationalities gave Russian as their mother tongue. A considerable number, 4.2 percent of the population, gave the languages of other peoples of the U.S.S.R. as their second fluent language.

The considerable and increasing significance of Russian as an international language of science is dramatized in the lead article in the March 1973 newsletter of the American Association of Teachers of Slavic and Eastern European Languages:

RUSSIAN AS A LANGUAGE OF SCIENCE: NO. 2 AND GROWING

From a recent issue of *BioScience* (Dec. 1972), we find support for the study of Russian in an article by I. L. Kosin. According to his research into the languages used in written scientific materials, "English is the leader, with Russian firmly in second place. This order applies to . . . chemistry, physics, geology, mathematics, biological sciences." This statement is best illustrated by the following table of materials recently covered by major abstracting services: (Source: above article)

	Chemical abstracts (1969)	Biological abstracts (1969)	Mathematical reviews (1969)	Meteorological and geoastrophysical abstracts (1970)
English	55.9	61.0	58.5	71.7
Russian	24.2	15.3	16.6	14.4
German	6.1	6.8	6.2	5.0
French	4.1	5.3	12.5	2.9
Japanese	4.3	2.2	....	1.0
Spanish	.3	2.3	1.0	.4
Others	4.8	7.1	5.2	1.2

The trend is toward increasing importance of Russian. For instance, Russian articles covered by Chemical Abstracts grew from 16.8 percent in 1958 to 24.2 percent of the 1969 total, while German dropped from 9.7 percent in 1958 to 6.1 percent and French shrunk from 5.5 percent to 4.4 percent.

The conclusion is clear: Russian is a major language of science. Furthermore, on the basis of all long-time trends, it should remain in that position for the forseeable future. The degree of its relative importance varies, of course, from discipline to discipline.

An obvious question then suggests itself: If Russian is so important, then why is it that in our schools science students generally ignore Russian? In Mr. Kosin's opinion, the major reason is tradition. For years, German and French were the languages of choice for most scientists in this country. Because faculties are creatures of their own education experiences, they tend to recommend the study of the same language they themselves studied. As we all know, traditions die hard, and the tradition of encouraging science students to study German and French in lieu of Russian is no exception.

There are additional reasons, Mr. Kosin forthrightly asserts, for this "blind spot" in the field of vision of American scientists. One, of course, is "the nearly total ignorance of Russian on the part of the average scientist. This being so, he dismisses Russian, because he cannot use it." Another reason is the deeply ingrained suspicion "that Soviet science is somehow 'second rate.' Fortunately for this country, this intellectual aberration is on the way out."

Many American scientists think they have discovered a way out of their ignorance of Russian by using abstracts in English. One might argue that the existence of these translations would mitigate against the learning of Russian. But this is not so. The time lag that exists today between the appearance of a Russian language article and its translation is averaging 12 months. Furthermore, in spite of millions of dollars being spent on translations every year, the list of Soviet journals in translation is woefully brief.

Kosin concludes with the following: The plain facts of the case are that Russian is important as a communication tool in science, and its importance is steadily growing. When this information, based on indisputable facts, permeates our social and professional environment, science-oriented students will become more selective in deciding on the first foreign language to study. For most of them, common sense will point to Russian.

(Gary L. Harris, 418 Armstrong Hall, West Virginia University, Morgantown, W. Va. 26506.)

In Japan, foreign language is an elective course at the junior high school level. Most students elect to study a foreign language and the majority of these chose English. Foreign language study is required at the senior high level and English remains the language of the majority of students. At the university level, foreign language study is required in all degree programs and, again, most students study English. Thus, most Japanese high school and college graduates have had several years study of English.

Mr. Michel.

Mr. MICHEL. Thank you, Mr. Chairman.

PROJECTS IN POLAND

Dr. Leestma, you remember last year we had a little discussion with respect to the projects in Poland, particularly those having to do with studies of local government.

Dr. LEESTMA. Yes.

Mr. MICHEL. I was particularly bugged because of a professor we once had at Bradley University, who left and went to Wright State University and he turns up here with a grant to study local government in Poland. It involves some $13,275. Was that a 1-year proposition?

Dr. LEESTMA. Yes, it was. In fact, virtually all of our programs are 1-year programs.

Mr. MICHEL. Has that been completed, for example, that specific one?

Dr. LEESTMA. It should have been. I cannot tell you for sure out of my head, but barring any unusual complications, it certainly should have been by now.

Mr. MICHEL. Why don't we have, then, some explanation here in the record of just what we found out after spending those Polish zloty's in the amount of $13,200?

Dr. LEESTMA. It is a fair question and we would be glad to provide the answer for the record.

[The information follows:]

RESULTS OF RESEARCH ON LOCAL GOVERNMENT IN POLAND

The faculty research project you ask about was concerned with local government in Poland. It was conducted in 1971–72 and has resulted in new course offerings, the preparation of several articles for publication, the collection of a number of source materials on government in Poland today, and has increased the grantee's language skills and general knowledge of Poland.

The fellowship was awarded to Dr. Reed M. Smith, the chairman of the political science department at Wright State University, Dayton, Ohio. A formal affiliation in Poland with the Jagellonian University in Cracow facilitated Dr. Smith's research. This relationship provided him with a research adviser from the Faculty of Law and Political Science at the University, contacts with Polish students and scholars conducting studies of the Polish postwar political system, and access to library and other facilities.

Dr. Smith conducted interviews with over 100 local government officials in 27 different localities, and informally held discussions with officials of the local People's Councils.

Among the teaching and research resources he was able to bring back to the United States were a number of publications on local government in Poland including information on such topics as government policies, public attitudes, and social change. He also collected a 9-month file of the local daily newspaper from Cracow containing summaries of speeches by government officials, reports of party meetings and congresses, production reports, et cetera, which should prove of special value in comparing various Communist and non-Communist systems.

In the course of his stay in Poland, he prepared several articles on political and educational topics. These include: "A Visit to a People's Council Meeting in Rural Poland," "The Operation of the People's Councils in Rural Poland," "Higher Education in Poland," and "Structure, Personnel, and Turnover of the Local People's Councils." His observations of the Polish national elections in March 1972 will form the basis for another article which will analyze the system and process of elections in Poland.

While in Poland, he was invited to the Madame Curie State University in Lublin to lecture to English-speaking students on the teaching of political science in American colleges and universities. A translation of Dr. Smith's paper on this topic will appear in a journal of the Institute of Political Science at Jagellonian University.

As a further result of the experience abroad, in fall 1973 Mr. Smith will offer students at Wright State University a course on Soviet government and a new course on the governments of Eastern Europe.

Mr. **Michel**. It was helpful last year when you placed in the record the selection process for applicants.

Dr. **Leestma**. Yes.

Mr. **Michel**. And what is needed to qualify?

I won't ask for that to be repeated in the record.

Dr. **Leestma**. The process and criteria have not been changed.

Mr. **Michel**. We are trying to cut down on our printing costs but if we make reference to the fact that in the hearings beginning on page 933 of part II of the 1973 appropriation bill, there is a complete recitation of those requirements. I think that would be sufficient for my own purposes. Thank you. That is all, Mr. Chairman.

Mr. **Flood**. Mr. Shriver.

RESEARCH FELLOWSHIPS ABROAD

Mr. **Shriver**. Mr. Muirhead, you are again requesting $3 million for this program, the same as for the last 3 years. With part of this [illegible] you offer research fellowships abroad for doctoral candidates [illegible] in dissertation research. At the same time, you are discontinu[illegible] grams here in this country because of a surplus of Ph. D's. What is the difference?

Dr. **Leestma**. There are two differences that should be noted. First, the funds under this appropriation—excess foreign currencies—provide the opportunity for field research for a small number of carefully selected advance students. This financial assistance makes possible first-hand research experience in the country or language in which the student is specializing. There is no substitute for such field experience in the effective training of top-flight specialists in other cultures. Without such assistance as this appropriation provides to help meet the substantial additional costs involved in field study abroad, the qualitative dimension of Ph. D. training for language and area specialists would suffer.

Second, while there is a surplus of Ph. D.'s in many fields, that does not seem to be the case for the NDEA title VI graduates. The employment record continues to be commendable. Approximately 98 percent of those receiving doctorates from the 106 NDEA title VI centers in 1972 are gainfully employed.

TEACHER TRAINING PROJECT IN MOROCCO

Mr. SHRIVER. One of the projects funded by this program sent 25 elementary and secondary school teachers from Bucks County, Pa., and faculty members from Temple University to Morocco. This was supposed to improve the ability of Bucks County teachers to meet recent State requirements. Tell us more about this.

What are the rest of the teachers in Pennsylvania going to do to meet these requirements?

Dr. LEESTMA. The curriculum development project conducted by Temple University in conjunction with Bucks County schools is one of six group projects abroad assisted under this appropriation in 1971 and 1972 aimed at helping school systems and teacher education institutions in Pennsylvania effectively carry out State requirements for interdisciplinary courses in world cultures. These State requirements include 2 years in grades 7 through 12 and selected units at the elementary school level on patterns of living around the world.

The project you cite brought together an interdisciplinary team of teachers, a media specialist, and school of education faculty members for an academic program of lectures and curriculum development projects. Since returning from Morocco, the teachers have enrolled in a seminar at Temple to prepare both printed and audio-visual materials to be shared with other teachers in Pennsylvania.

Individual participants in the seminar have conducted inservice workshops in Bucks County and other parts of the State to instruct teachers in methods of teaching about other cultures. They are also working with teachers and prospective teachers at Bloomsburg State College, Lock Haven State College, East Stroudsburg State College, Kutztown State College, and Lehigh University.

Bloomsburg State College has invited seminar participants to conduct a 2-week, 3-credit graduate course on teaching about other cultures during the summer of 1973. Members of the seminar group are now preparing to present, Teaching about Morocco, to more than 100 participants at one of the annual conventions of Pennsylvania teachers.

To insure that this project will have a broad and continuing impact, learning packets organized around themes such as life in one Moroccan village, ways of making a living, and a day in the life of a Moroccan storyteller, will be made available at cost to schools in Pennsylvania and in other States. The project director estimates that products of the seminar have already reached 150 schools and 140,000 students in the State.

Thus, every effort is made to multiply the experience of teachers and teacher-trainers who have the opportunity to participate in such field seminars abroad. Hopefully, additional teachers and teacher trainers from other communities and institutions in Pennsylvania will be able to participate in similar field experience abroad in future years. Through improved inservice and preservice programs, an increasing number of the teachers in Pennsylvania will be better prepared to carry out the enlightened State requirements concerning intercultural understanding.

EMPHASIS TOWARD STUDY OF MODERN WORLD

Mr. **Shriver.** On page 88 it states the program will emphasize those sectors of American education where study of the modern world has not kept pace with the times. What does this mean?

Dr. **Leestma.** It means the social studies, the arts, and the humanities at most levels of American education. Traditionally, the schools devoted little attention to the non-Western world or to the increasingly important international dimensions of domestic problems—balance of payments, world trade, environmental pollution, et cetera.

In recent years, a number of educational organizations and institutions, State boards of education, and school districts have begun to realize the need for renovating curricula to more accurately reflect the realities of the contemporary world. For example, offices of international programs have recently been established in organizations such as the American Association of Community and Junior Colleges, the American Council on Education, and the American Association of Collegiate Schools of Business, to better serve the needs of their member institutions and organizations in international studies. The 288 institutions belonging to the American Association of State Colleges and Universities have made international studies a priority for the 1970's.

Some States, for example, California, Georgia, Indiana, New York, North Carolina, Pennsylvania, and Tennessee, and school districts throughout the country have recently modified curriculum requirements to include more emphasis on international and comparative studies. A number of the projects assisted under this appropriation are specifically designed to help develop the expertise required to effectively carry out these new requirements. North Carolina provides a good example. In 1971 the State department of public instruction adopted a new social studies curriculum guide which calls for the study of Asia, Africa, and the Pacific Islands in grade 7, and a cross-cultural approach to these areas in grade 10. Teacher workshops and a television series on "Cultures: Asia and Africa" are being used to help teachers successfully implement the State mandate. Educators trained in projects abroad under the special foreign currency program play important leadership roles in these workshops and in developing related curriculum materials.

Teacher education is a particularly important area of concern to us, because of the multiplier effect it represents. Nearly half of the institutions selecting participants for group projects abroad in fiscal year 1972 were member institutions of the American Association of Colleges for Teacher Education.

LANGUAGE TRAINING AND AREA STUDIES

Mr. **Shriver.** You say this program is needed. We earlier heard requests to phase out and eliminate the foreign language training program under title VI of NDEA because there is no great national interest involved. This seems inconsistent. Would you explain the difference?

13

Dr. **Leestma**. There is a national interest involved, but it is a question of priorities. The decision to phase out the NDEA title VI program in the United States was a judgment based on priorities within the constraints of available funds.

However, it was apparent that institutions do require some external assistance to help in meeting the additional costs involved in selected research and training activities which are best conducted abroad. Accordingly, we propose to continue the use of a modest amount of U.S.-owned excess foreign currencies for carefully planned projects in areas where further program activity seems highly desirable.

PROBLEMS IN CONDUCTING PROJECTS IN EGYPT AND INDIA

Mr. **Shriver**. On page 90 you say you had a carryover from fiscal 1972 because of "sensitive political situations in certain foreign currency countries at the close of the 1972 fiscal year which necessitated the cancellation or postponement of some projects, pending the issuance of new guidelines on educational programs by these governments." Explain that. Why did you need to use the funds at all if you had these problems?

Dr. **Leestma**. As noted earlier, the "sensitive political situations" occurred in two important countries, Egypt and India. The extent of the problem was not apparent until well along in the program cycle. As you know, the program involved in this appropriation is forward-funded.

In the case of Egypt, the tense political situation in the Middle East resulted in a last-minute cancellation by the Egyptian Government of four out of seven proposed group projects. Over the past several months, however, the situation is Egypt appears to have eased and OE-assisted projects are now being carried out. We anticipate that the projects to be funded from the fiscal year 1973 appropriation request will proceed without significant delay.

The case of India is a little more complicated. In addition to the somewhat strained relations between India and the United States following the India-Pakistan war, the Indian Government decided to monitor all foreign research and study activities in India much more closely than had previously been the case. The new Government of India guidelines for project planning and approval were not fully developed until winter, 1972–73, and the delay in their issuance unfortunately resulted in some further project postponements or cancellations.

While some aspects of the new guidelines for educational projects in India require further clarification, we now have sufficient reason to be hopeful that there will be no serious delays in Indian approval of OE projects for the balance of fiscal year 1973 or for fiscal year 1974. We stay in close and continuing contact with both the Indian Embassy in Washington and the American Embassy in New Delhi to facilitate program planning and operations. I believe we can be optimistic about the future.

Mr. **Flood**. Mr. Robinson.

Mr. **Robinson**. I have no questions, Mr. Chairman.

Mr. **Flood**. Thank you very much.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Educational Activities Overseas
(Special Foreign Currency Program)

Amounts Available for Obligation

	1973 Revised	1974
Appropriation..	$ 3,000,000	$ 3,000,000
Unobligated balance, start of year..................	638,105	---
Total, obligations...........................	3,638,105	3,000,000

Obligations by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
85	Grants to American institutions (Total obligations)..............	$ 3,638,105	$ 3,000,000	$ -638,105

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Travel and transportation of persons.....	$ 21,000	$ 17,000	$ -4,000
Other services...........................	343,000	343,000	---
Grants, subsidies and contributions......	3,274,105	2,640,000	-634,105
Total obligations by object............	3,638,105	3,000,000	-638,105

Summary of Changes

1973 Estimated obligations	$ 3,638,105
1974 Estimated obligations	3,000,000
Net change	-638,105

	Base	Change from Base
Decreases:		
A. Program:		
1. Grants to American institutions	$ 3,638,105	$ -638,105
Total, net change	---	-638,105

Explanation of Changes

Decreases:

A. Program:

1. Grants to American institutions.--This budget requests $3,000,000 each for 1973 and 1974. The decrease in estimated obligations is the result of including, in the 1973 amount, $638,105 brought forward from 1972.

Authorizing Legislation

	1974	
Legislation	Authorized	Appropriation requested
Mutual Educational and Cultural Exchange Act of 1961 (P.L. 87-256; Sections 102(b)(6) and 105(d))......	Indefinite	$ 3,000,000
Agricultural Trade Development and Assistance Act of 1954; Section 104, Special Foreign Currency.......	Indefinite	

Mutual Educational and Cultural Exchange Act of 1961

(P.L. 87-256)

Sec. 102.

(b) In furtherance of the purposes of this Act, the President is further authorized to provide for—

(6) promoting modern foreign language training and area studies in United States schools, colleges, and universities by supporting visits and study in foreign countries by teachers and prospective teachers in such schools, colleges, and universities for the purpose of improving their skill in languages and their knowledge of the culture of the people of these countries, and by financing visits by teachers from those countries to the United States for the purpose of participating in foreign language training and area studies in United States schools, colleges, and universities;

Sec. 105.

(d) The President is authorized—

(1) to reserve in such amounts and for such periods as he shall determine to be necessary to provide for the programs authorized by subsections 102(a) (1) and 102(a) (2) (i), and

(2) not withstanding the provisions of any other law, to use in such amounts as may from time to time be specified in appropriation Acts, to the extent that such use is not restricted by agreement with the foreign nations concerned, for any programs authorized by this Act,

any currencies of foreign nations received or to be received by the United States or any agency thereof—

(i) under agreements disposing of surplus property or settling lend-lease and other war accounts concluded after World War II;

(ii) as the proceeds of sales or loan repayments, including interest, for transactions heretofore or hereafter effected under the Agricultural Trade Development and Assistance Act of 1954, as amended;

(iii) in repayment of principal or interest on any other credit extended or loan heretofore or hereafter made by the United States or any agency thereof; or

(iv) as deposits to the account of the United States pursuant to section 115(b) (6) or section 115(h) of the Economic Cooperation Act of 1948, as amended, or any similar provision of any other law.

Agricultural Trade Development and Assistance Act of 1954

(P.L. 480, 83d Congress)

AN ACT To increase the consumption of the United States agricultural commodities in foreign countries, to improve the foreign relation of the United States, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Trade Development and Assistance Act of 1954".

SEC. 2. The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for United States agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States.

* * * * * * *

SEC. 104. Notwithstanding any other provision of law, the President may use or enter into agreements with foreign countries or international organizations to use the foreign currencies, including principal and interest from loan repayments, which accrue in connection with sales for foreign currencies under this title for one or more of the following purposes:

(a) For payment of United States obligations (including obligations entered into pursuant to other legislation);

(b) For carrying out programs of United States Government agencies to—

(2) finance with not less than 2 per centum of the total sales proceeds received each year in each country activities to assist international educational and cultural exchange and to provide for the strengthening of the resources of American schools, colleges, universities, and other public and nonprofit educational agencies for international studies and research under the programs authorized by title VI of the National Defense Education Act, the Mutual Educational and Cultural Exchange Act of 1961, the International Education Act of 1966, the Higher Education Act of 1965, the Elementary and Secondary Education Act of 1965, the National Foundation on the Arts and the Humanities Act of 1965, and the Public Broadcasting Act of 1967.

(3) collect, collate, translate, abstract, and disseminate scientific and technological information and conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and promote and support programs of medical and scientific research, cultural and educational development, family planning, health, nutrition, and sanitation;

(5) finance under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, (A) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance, (B) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (C) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

SEC. 403. There are hereby authorized to be appropriated such sums as may be necessary to carry out this Act including such amounts as may be required to make payments to the Commodity Credit Corporation, to the extent the Commodity Credit Corporation is not reimbursed under sections 104(j) and 105, for its actual costs incurred or to be incurred. In presenting his budget, the President shall classify expenditures under this Act as expenditures for international affairs and finance rather than for agriculture and agricultural resources.
(7 U.S.C. 1733)

Educational Activities Overseas
(Special Foreign Currency Program)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$ 800,000	$ 500,000	$ 500,000	$ 500,000
1965	500,000	500,000	500,000	500,000
1966	1,000,000	1,000,000	1,000,000	1,000,000
1967	1,800,000	1,800,000	1,000,000	1,000,000
1963	7,400,000	4,600,000	---	---
1969	4,000,000	1,000,000	1,000,000	1,000,000
1970	1,000,000	1,000,000	1,000,000	1,000,000
1971	3,000,000	3,000,000	3,000,000	3,000,000
1972	3,000,000	3,000,000	4,000,000	3,000,000
1973	3,000,000			
1974	3,000,000			

Justification

Educational Activities Overseas
(Special Foreign Currency Program)

General Statement

Public Law 480, 83rd Congress, as amended by Public Law 90-436 (the Ellender Amendment), and Sections 102(b)(6) and 105(d) of the Mutual Educational and Cultural Exchange Act of 1961 authorize the use of U.S.-owned foreign currencies derived from the sale of surplus agricultural commodities abroad, loan repayments, and other sources to strengthen the international dimensions of American education through opportunities for research and training abroad. The countries in which these funds are currently available are: Arab Republic of Egypt, India, Pakistan, Poland, Tunisia, and Yugoslavia.

The Special Foreign Currency Program is specifically designed to:

1. Increase the cadre of educators who can communicate knowledge of world affairs and foreign cultures to their students, colleagues, and communities;

2. Improve the professional capabilities of existing personnel in international studies;

3. Develop curricula and instructional materials for teaching about the non-Western world;

4. Offer learning experiences in other cultures to selected American educators to help reduce ethnocentrism in the U.S. educational system.

Grants to American Institutions

	1973	1974	Increase or Decrease
Budget Authority	3,000,000	3,000,000	--
Obligations	3,638,105	3,000,000	- 638,105

Narrative

Within the Special Foreign Currency Program administered by the Office of Education, the major program categories geared to national need are:

1. Group Training and Curriculum Development: First-hand study and relevant educational experience in another culture as well as preparation of curriculum guides and teaching materials for improving instruction of international and intercultural studies for all levels of the American educational system.

   Participants include college and university faculty members, deans of instruction and coordinators of world affairs programs in community colleges, educational leaders at the State level, curriculum consultants and supervisors, school administrators with responsibility for leadership in educational innovation, experienced elementary and secondary school teachers and selected graduate and advanced undergraduate students specializing in foreign language, area studies, and world affairs.

2. Advanced Language Training: Language instruction and cultural immersion in special summer and year-long intensive programs in selected non-Western languages, such as Polish, Serbo-Croatian, Arabic, and Hindi-Urdu, for teachers and prospective teachers of foreign language and area studies.

3. Research and Studies: Research fellowships for the production of new knowledge by key faculty members and doctoral candidates engaged in dissertaion research. This category also encompasses linguistic studies, preparation of foreign language textbooks, compilation of research reference materials (including bibliographies and translation of selected foreign publications on education), and comparative education studies in support of the Office of Education's responsibility for keeping abreast of educational developments in other countries.

4. Inter-institutional Cooperative Research: Comparative and cross-cultural studies carried out jointly by American institutions and institutions abroad. Projects focus on education problems and processes which the cooperating countries share and which reflect DHEW Education Division priorities for improving American education. Research topics include early childhood education, education for the handicapped, and comparative analyses of urban and environmental problems. Grants are made to and administered by the American institutions involved.

Accomplishments in Fiscal Year 1972

In fiscal year 1972, a total of $2,642,230 was obligated, providing assistance to more than 800 individuals participating in 85 projects conducted in India, Poland, Yugoslavia, the Arab Republic of Egypt, Tunisia, and Morocco.

Funds in the amount of $1,367,542 helped support group projects abroad for training and curriculum development involving 615 advanced students and faculty members from all levels of the American educational spectrum; $615,679 provided advanced level language training programs for 205 students; $396,014 supported 23 individual faculty and 14 partially-funded doctoral research fellowships; $161,663 funded 5 contracts for the preparation of foreign language textbooks; $54,682 was utilized for bibliographic projects in cooperation with the National Science Foundation; and $46,650 assisted two inter-institutional cooperative research grants.

Representative examples of projects assisted under the Special Foreign Currency Program in 1972 include:

1. Fifteen American graduate students in South Asian studies, selected through a national competition by the American Institute of Indian Studies, participated in a 9-month program at an Indian university for intensive advanced instruction in one of three major Indian languages: Hindi-Urdu, Marathi, or Tamil.

2. Twenty full-year graduate students and 30 summer students, each with at least two years' previous study of Arabic, engaged in a formal program of intensive language and area study at the American University in Cairo. The program was conducted by the Center for Arabic Studies Abroad (CASA), a consortium of nine

American universities created to improve American teaching and scholarship related to the Middle East. Students were recruited through national competitions. The instructional materials developed at CASA were made available to institutions in the United States.

3. Twenty-four teachers and prospective teachers of Asian studies participated in a curriculum development seminar in India sponsored by New York University as the first phase of a new 3-summer M.A. program which prepares students to teach non-Western studies in secondary schools. The teachers spent the summer of 1972 studying under Indian professors and developing curriculum materials on contemporary India which are available at cost to teachers of Asian studies. Since completion of the seminars, the teachers have met twice to review, evaluate, and exchange project results.

4. Another project, conducted in Morocco, enabled 25 elementary and secondary school teachers from Bucks County, Pennsylvania, and faculty members from Temple University to participate in a summer seminar for curriculum development. Upon their return, the teachers participated in a 3-credit graduate course at Temple University to develop specific instructional offerings, including audio-visual aids. Temple University faculty will work directly with the teachers in testing the materials throughout Bucks County schools. The project was designed to improve the ability of Bucks County teachers to meet recent State requirements for interdisciplinary courses in world culture and will help Temple University, a major producer of educational manpower in southeast Pennsylvania, to upgrade offerings on non-Western culture.

5. Fellowships for research abroad enabled 23 faculty members and 14 doctoral candidates to conduct projects in 6 foreign currency countries during 1972-73. Many of these studies utilized interdisciplinary research techniques in examining a variety of significant academic subjects and issues. Examples of research topics include: the development of legal codes and the administration of justice in India; the role of traditional Islamic philosophy in current Arab scholarship; and a comparative analysis of methods used in developing managerial manpower in Yugoslavia and Poland.

The cumulative experience derived from the operation of this program has demonstrated the value to American education of utilizing U.S.-owned excess foreign currencies for educational purposes. Program opportunities have been broadened to help serve an increasingly wider range of American educational institutions. For the great bulk of the grants, proposals are submitted in a nationwide competition and are reviewed by both outside consultants and staff specialists for sound educational planning and the likelihood of significant contribution to American education. Field evaluations of feasibility are contributed by American embassies and host governments abroad. Formal reports assessing each project as a whole are submitted to the Office of Education by project directors or individual grantees. Provision is also made for comment by American embassies and Fulbright binational commissions overseas. Further, selected sample projects are monitored in the field by staff specialists from the Office of Education's Institute of International Studies, and occasionally by outside specialists. These reviews and evaluations are analyzed by IIS staff and the findings used to improve project content and evaluation procedures for succeeding year programs.

Plans for Fiscal Year 1973

An amount of $3,638,105, including $638,105 brought forward from 1972, will enable the Office of Education to support about 110 projects in foreign languages, area studies, and world affairs. Cost sharing requirements and extensive use of cooperative institutional arrangements will maximize program impact and effectiveness, thus enabling more than 250 educational institutions to participate. Specifically, assistance will be provided for about 53 group projects for training, curriculum development, and advanced language instruction; 30 faculty research fellowships; 15 fellowships for doctoral dissertation research; 5 research contracts for the preparation of foreign language or area studies instructional materials; and 2 educational bibliographic projects undertaken in conjunction with the National Science Foundation. In addition, it is anticipated that the inter-institutional cooperative research abroad program will be expanded to approximately 5 projects.

Plans for Fiscal Year 1974

A total of $3,000,000 in available foreign currencies is requested for fiscal year 1974 to assist a total of 100 individual and group projects. The program will emphasize those sectors of American education where study of the modern world has not kept pace with the times.

Curriculum development will be stressed because of its inherent multiplier effect. The program will continue to build on the experience of the past and will seek maximum effectiveness by encouraging cooperative arrangements with colleges and universities, school systems, professional associations, and nonprofit educational organizations, as well as continuing attention to cost sharing arrangements.

Specific program plans include:

1. Group Training and Curriculum Development: An estimated 34 group projects will help improve teaching about the non-Western world in U.S. schools and colleges;
2. Advanced Language Training: Eleven intensive language programs will permit advanced-level training abroad in selected non-Western languages;
3. Research and Studies: Approximately 45 fellowships for faculty and doctoral dissertation field research, 5 research contracts, and 2 bibliographical projects will help extend our knowledge of other countries, their people and cultures, and their educational developments;
4. Inter-Institutional Cooperative Research: Three comparative studies will help investigate educational topics of trans-national concern, such as environmental and bilingual education.

Special Foreign Currency Program

	1972 Actual	1973 Est.	1974 Est.
I. Program Statistical Data:			
Total number of participants	866	1,216	1,043
Total number of grants	85	110	100
Average cost	$ 31,085	$ 33,074	$ 30,000
Total cost	$2,642,230	$3,638,105	$3,000,000
II. Estimated Obligations by Program Category			
Group Training and Curriculum Development	$1,367,542	2,038,105	$1,395,000
Advanced Language Training	615,679	750,000	825,000
Research and Studies	612,359	700,000	690,000
Inter-institutional Cooperative Research	46,650	150,000	90,000

OFFICE OF EDUCATION

Educational Activities Overseas
(Special foreign currency program)

Program Purpose and Accomplishments

Activity: Grants to American institutions

1973 Budget Estimate as amended	1974	
	Authorization	Budget Estimate
$3,000,000	Indefinite	$3,000,000

Purpose: U.S.-owned excess foreign currency is used to strengthen American education through research and training abroad sponsored by American institutions. Projects focus on foreign languages, area studies, world affairs, and intercultural understanding and are designed to update the professional competencies of American educators, to further research, and to develop improved curricula and effective instructional materials.

Operation of the Program: Applications are received from U.S. institutions of higher education, individual researchers, State education agencies, public school systems and nonprofit education agencies. With the advice of outside consultants, the program staff reviews projects and recommends approval to the Director of the Institute of International Studies. The recommended projects are forwarded to appropriate U.S. diplomatic missions and binational commissions for comment on feasibility. A final review of all programs conducted under the Fulbright-Hays Act is made by the Board of Foreign Scholarships, an autonomous body appointed by the President which provides general supervision for all programs carried out under the aegis of the Act.

Accomplishments for 1973: The program will include a total of 110 projects with an estimated 1,216 participants. This includes 53 group projects, 30 faculty research fellowships, 15 fellowships for doctoral dissertation research, 5 research contracts, 2 educational bibliographic projects, and 5 inter-institutional cooperative research abroad projects.

Objectives for 1974: The estimate for 1974 provides for a total of 100 projects with an estimated 1,043 participants. This includes 34 group projects, 45 fellowships for faculty and doctoral dissertation field research, 5 research contracts, 2 educational bibliographic projects, 3 inter-institutional cooperative research abroad projects, and 11 intensive language training programs.

NOTE: The decrease in FY 1974 activity as compared to FY 1973 activity is due to the use in FY 1973 of carryover funds from FY 1972. This carryover was the result of sensitive political situations in certain foreign currency countries at the close of the 1972 fiscal year, which necessitated the cancellation or postponement of some projects, pending the issuance of new guidelines on educational programs by these governments.

THURSDAY, MARCH 15, 1973.

SALARIES AND EXPENSES, OFFICE OF EDUCATION

WITNESSES

DR. JOHN W. EVANS, ACTING DEPUTY COMMISSIONER FOR PLANNING, EVALUATION, AND MANAGEMENT
DR. JOHN R. OTTINA, COMMISSIONER-DESIGNATE OF EDUCATION
JOE G. KEEN, BUDGET OFFICER
BRIAN M. STACEY, BUDGET ANALYST
CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

Object Classification (in thousands of dollars)

	Identification code 09-40-0271-0-1-605	1972 actual	1973 est.	1974 est.
	Personnel compensation:			
11.1	Permanent positions	34,644	44,225	45,929
11.3	Positions other than permanent	1,726	2,929	3,391
11.5	Other personnel compensation	311	505	255
	Total personnel compensation	36,681	47,659	49,575
12.1	Personnel benefits: Civilian	3,015	3,959	4,185
21.0	Travel and transportation of persons	2,432	4,161	3,675
22.0	Transportation of things	30	118	231
23.0	Rent, communications, and utilities	2,264	4,123	4,016
24.0	Printing and reproduction	428	948	836
25.0	Other services	6,477	19,015	24,993
26.0	Supplies and materials	288	497	441
31.0	Equipment	379	567	166
99.0	Total obligations	51,994	81,047	88,118

Personnel Summary

Total number of permanent positions	2,064	3,047	2,614
Full-time equivalent of other positions	206	215	215
Average paid employment	2,270	2,758	2,828
Employees in permanent positions, end of year	1,937	2,706	2,614
Employees in other positions, end of year	154	359	359
Average GS grade	10.0	9.8	9.8
Average GS salary	$16,467	$16,029	$16,641
Average salary of ungraded positions	$15,915	$15,915	$15,915

Program and Financing (in thousands of dollars)

	Identification code 09-40-0271-0-1-605	1972 actual	1973 est.	1974 est.
	Program by activities:			
	1. Administration	51,938	80,451	76,366
	2. Advisory committees	56	346	797
	3. Planning and evaluation	....	250	10,205
	4. Dissemination	....	....	750
10	Total obligations	51,994	81,047	88,118
	Financing:			
25	Unobligated balance lapsing	9	....	....
	Budget authority	**52,003**	**81,047**	**88,118**
	Budget authority:			
40	Appropriation	52,218	82,265	88,118
	1973 consisting of:			
	Pending	....	(68,360)	....
	Enacted	....	(13,905)	....
41	Transferred to other accounts	−215	−1,218	....
43	**Appropriation (adjusted)**	**52,003**	**81,047**	**88,118**
	Relation of obligations to outlays:			
71	Obligations incurred, net	51,994	81,047	88,118
72	Obligated balance, start of year	3,465	4,847	7,298
74	Obligated balance, end of year	−4,847	−7,298	−13,747
90	Outlays	50,612	78,596	81,669

Note.—Includes $11,313 thousand in 1974 for activities previously financed from: Education for the Handicapped (1972—$50 thousand, 1973—$90 thousand); Higher Education (1972—$16 thousand, 1973—$38 thousand); Educational Development (1972—$5,085 thousand, 1973—$11,155 thousand); Food and Drug Administration (1972—$7 thousand, 1973—$8 thousand); Social and Rehabilitation Service (1972—$7 thousand, 1973—$9 thousand); Office of the Secretary, Department of Health, Education, and Welfare (1972—$9 thousand, 1973—$13 thousand). Excludes activities transferred in 1974 to Department of Health, Education, and Welfare Departmental Management, National Institute of Education, and the Assistant Secretary for Education. Comparable amounts included above for 1972 and 1973 are shown as follows: Department of Health, Education, and Welfare Departmental Management (1972—$233 thousand, 1973—$242 thousand); National Institute of Education (1972—$5,456 thousand, 1973—$1,772 thousand); and Assistant Secretary for Education (1972—$1,350 thousand, 1973—$48 thousand).

Mr. FLOOD. We will now take up "Salaries and expenses, Office of Education." The presentation will be made by Dr. John W. Evans, Acting Deputy Commissioner for Planning, Evaluation and Management.

You have a biographical sketch which we will place in the record.

[The biographical sketch follows:]

Name: John W. Evans.

Position: Acting Deputy Commissioner for Planning, Evaluation, and Management.

Birthplace and date: Sabina, Ohio, May 5, 1928.

Education: Miami University, 1950, bachelor of arts; Ohio State University, 1955, master of arts; Ohio State University, 1960, doctoral degree.

Experience:

- Present: Acting Deputy Commissioner for Planning, Evaluation, and Management.
- 1970–73: Assistant Commissioner for Planning, Budgeting and Evaluation.
- 1967–70: Chief, Evaluation Division, Office of Economic Opportunity.
- 196–67: Deputy Assistant Director for Research U.S. Information Agency (USIA).
- 1964–66: Chief, Latin American Research Division, USIA.
- 1961–64: Survey Research Analyst, USIA.
- 1957–60: Research Associate, Systems Research Group, Ohio State University.
- 1954–57: Instructor and research assistant, Department of Sociology, Ohio State University.
- 1952–54: U.S. Army.
- 1950–52: Instructor and research assistant, Department of Sociology, Ohio State University.

Association memberships: American Sociological Association; World Association for Public Opinion Research; American Educational Research Association.

Publications: Numerous papers published in various professional journals (for example, Social Science Quarterly, Harvard Educational Review, Britannica Review of American Education).

Mr. FLOOD. You have a statement. How do you wish to proceed?

Mr. EVANS. Mr. Chairman, it is a very brief statement, and, with your permission, I would like to read it.

Mr. FLOOD. You may proceed.

GENERAL STATEMENT

Mr. EVANS. Mr. Chairman and members of the committee, I am pleased to appear before you today to discuss our fiscal year 1974 request of $88,118,000 for "Salaries and expenses" for the Office of Education. This request represents a net decrease of $2,253,000 and 346 positions from the 1973 level. With this proposal we have consolidated all general administrative functions of the Office of Education into our "Salaries and expenses" appropriation. Therefore, in addition to support for general program administration, our request includes funds to support all Office of Education advisory committees, formerly funded in their respective program appropriations; and funds to support Office of Education planning and evaluation and general program dissemination activities, formerly supported under "Educational development." Consistent with our proposal to phase out some programs, to fold others into the special education revenue-sharing package, and to decrease the level of support for still others, we are proposing a total decrease of 640 positions. To offset this decrease, we are requesting that 182 authorized positions be used to support expanded activities which include, among others, the basic educational opportunity grant program, student insured loans projects, and the emergency school assistance program. To render technical assistance in the implementation of the proposed special education revenue-sharing program, we are also requesting that a total of 112 positions be used for both headquarters and the regional offices.

To support the nine public advisory committees that serve the Office of Education we are requesting a net increase of $273,000 to cover increased responsibilities and annualization costs. The level of support for planning and evaluation activities, $10,205,000, now included in this appropriation, represents a continuation at last year's level with the exception of a $250,000 decrease for a one-time study by the National Advisory Council on extension and continuing education, authorized by the Education Amendments of 1972. Finally, to carry out the responsibilities of the Commissioner to prepare and disseminate information concerning Office of Education programs, we are requesting $750,000, the same level as last year.

My colleagues and I will be pleased to answer your questions.

OVERALL REQUEST FOR ADMINISTRATIVE COSTS

Mr. **Flood**. For "Salaries and expenses," you request $88,118,000. But in addition there are administrative costs for the education programs in the Office of the Assistant Secretary for Education where you have $1,852,000. In the National Institute of Education, $11,444,000. Then the administrative cost for the basic opportunity grants program, $11,500,000. The total of these administrative costs amounts to $112,914,000. In 1972, "Salaries and expenses" for the Office of Education amounted to $78,028,000. Yet at a time when the whole great show now is to cut back on the education programs, isn't this an excessive increase for administration? Isn't this classical bureaucracy?

Cut back the program for nine good reasons, you say, but not for administration. This goes up.

Mr. **Evans**. No, sir, I do not believe it is excessive. The administrative accounts relating to the National Institute of Education and the Assistant Secretary for Education are not included in our request and were taken out by way of comparative transfer. As you have noted from our material, we are requesting for the Office of Education a decrease for "Salaries and expenses." With respect to how that has gone over time with respect to the Office of Education programs, there is a chart here that indicates that over years—you might be interested in inserting this in the record—the amount of program funds per position continues to rise.

Mr. **Flood**. Insert that in the rec

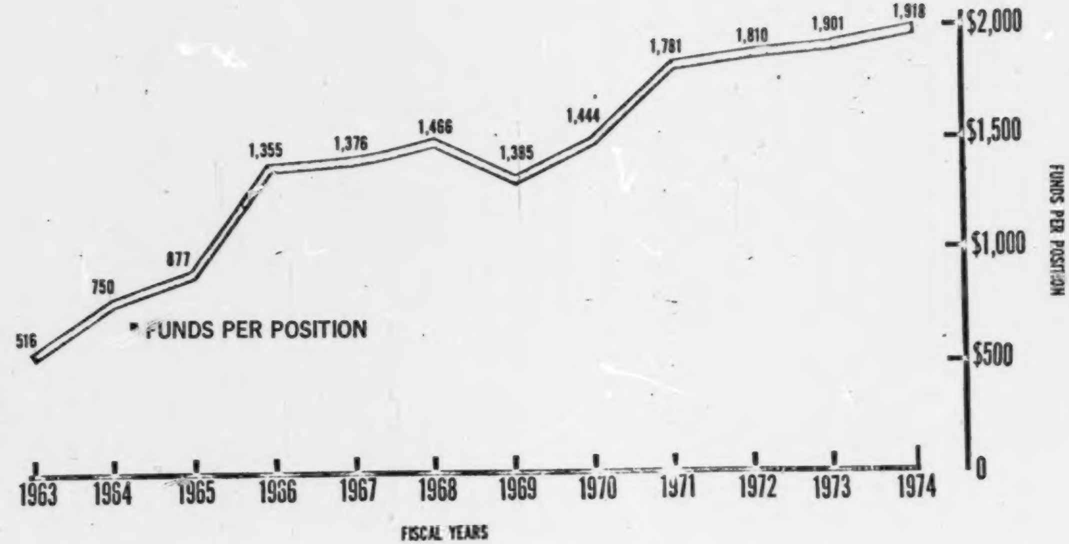
[The information follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

U.S. OFFICE OF EDUCATION

TOTAL APPROPRIATIONS

FUNDS PER POSITION



Mr. FLOOD. You will see that this will be brought up on the floor—out with education, up with administrative costs.

Mrs. EVANS. No, sir; I think that would be an incorrect understanding of what happened, as we tried to show in the record in the materials we presented. The administrative costs do go down in concert with the proposed reductions in programs.

Dr. OTTINA. Mr. Chairman, if you will permit me a moment, I believe you will find as you examine the tables we have provided for you in our justifications—you will find in every program we are suggesting a decrease or phaseout and show a corresponding decrease in the manpower we are asking of you to administer that program. In those programs which are being phased out you will find that we would propose to you that at the end of the year we have zero people in those programs.

Mr. FLOOD. Do you see how explosive that one is right now? You do have a net increase in the budget for administrative costs.

ADVISORY COMMITTEES

The budget for "Advisory committees" is $797,000. That is an increase of $273,000 over the 1973 estimate. Yet year after year, and now—just this week 2 or 3 days ago, one of the witnesses here, was going to cut back on advisory committees.

Mr. PATTEN. That is for the States.

Mr. FLOOD. Let us get rid of advisory committees. We hear this from you. Now you want an increase. What advisory committees are you going to abolish? Or rather, which ones have you abolished?

Dr. OTTINA. We have abolished those advisory committees——

Mr. FLOOD. Both of them.

Dr. OTTINA. No, sir, those advisory committees that relate to the areas that are covered in education revenue sharing.

Page 117 of justifications shows the advisory committees that we would propose to retain, the amount of money that we have allocated for their retention in 1974. You will note that there are 10 of them included in that table.

Mr. EVANS. The increases, Mr. Chairman, come particularly from the needs to increase the amount covering the advisory committees that were part of the Educational Amendments of 1972, most especially the National Advisory Council on Equality of Educational Opportunity, which is required by the law. It has very substantial duties and requirements pertaining to regulations under the law and which accounts for $175,000 of the $273,000 increase. The other increases relate to an increase under the Developing Institutions Advisory Committee which, as you know, is scheduled under our request for nearly a doubling in its budget. There is a $10,000 increase in the Advisory Committee for Education of the Deaf, and a $20,000 increase in the Financial Aid to Students Advisory Committee, which will also have new duties.

ADVISORY COMMITTEES ABOLISHED

Mr. FLOOD. Very well. You managed to avoid part of the question. How many have you abolished?

Dr. OTTINA. We are proposing to abolish, and we seek no funds for, four advisory committees: educationally deprived children, supplementary services, vocational education, and adult education. The amount of money these advisory committees had in 1973 was $906,000.

PERMANENT POSITIONS COMPARED WITH AVERAGE EMPLOYMENT

Mr. **Flood.** You want 2,619 permanent positions.

Your budget justifications show 2,912 as the average number of employees during 1974. How do you put that one together?

Mr. **Evans.** Mr. Chairman, as we indicated just a moment ago, the substantial reduction that we spoke of will take place but it will not take place at the beginning of the fiscal year. In order to phase into the major changes that we are proposing by way of scaling down the number of programs, eliminating others, transferring responsibilities to the regions, phasing out programs—all of that means that the reductions that those programatic reductions call for cannot be accomplished at the very beginning of the fiscal year. Some of the prior programs are forward funded and will have prior responsibilities to be carried out under them. So in fact the man-years will be higher than the number of positions because of the need for that requirement.

STAFF REDUCTIONS DUE TO REVENUE SHARING

Mr. **Flood.** How many positions have been cut as a result of education revenue sharing? The special revenue-sharing legislation has not yet been submitted to Congress, and when it finally is submitted, I am sure it will run into much opposition. If education revenue sharing is not enacted, will all of these jobs be put back?

Mr. **Evans.** To answer your first question, Mr. Chairman, of the total 640 reduction that I spoke of at the outset which has to be added back into it the increases for the higher education and emergency school programs, we are proposing 322 positions to be reduced as a direct result of the revenue-sharing changes.

As for your second question, I would have to restate what Mr. Weinberger and Dr. Ottina said that we are not speculating at this point on what might happen with respect to the revenue-sharing changes.

Mr. **Flood.** In other words, as was said, when that situation arises we shall endeavor to deal with it.

Mr. **Evans.** Yes, sir.

PLANS FOR DECENTRALIZING PROGRAMS

Mr. **Flood.** What are your plans for decentralization of programs and related staffing? You ought to have a table here showing the programs and the staffing that have been decentralized in 1972 and 1973 and that are proposed to be decentralized in 1974.

You can do that with a table.

Mr. **Evans.** Just a point of clarification there.

Mr. **Flood.** What are your plans?

Mr. **Evans.** We have two activities.

Mr. **Flood.** It should not take you more than an hour and a half to tell me.

Mr. **Evans.** I would like to make sure it is clear. There are two activities going on. One we refer to as decentralization which means the shifting of program responsibilities to the regional offices as distinct from Washington. The other is the actual reduction in positions that would result from the transfer of programs to State responsibility under revenue sharing. I take it it is the latter rather than the former.

Mr. Flood. No; the first one is what we want.

Dr. Ottina. We will provide a table.

[The information follows:]

U.S. OFFICE OF EDUCATION DECENTRALIZED

Program title	Program authority delegated to the region	
	Fully	Partially
Adult education—basic grants to States	×	
Civil rights educational activities	×	
College work-study		×
Construction of public libraries	×	
Educational opportunity grants		×
Emergency school aid—State apportionment	×	
Guaranteed student loans		×
Higher Education Act, title VII, pt. A—Grants for Construction of Undergraduate Academic Facilities	×	
Higher Education Act, title VII, pt. C—Loans for Construction of Academic Facilities	×	
Library services—grants for public libraries	×	
Library services—interlibrary cooperation	×	
National direct student loans		×
SAFA construction on Federal property	×	
Special services for disadvantaged students in institutions of higher education	×	
Talent search	×	
Upward bound	×	
Vocational education—basic grants to States	×	
Vocational education—consumer and homemaking	×	
Vocational education—cooperative education	×	
Vocational education—innovation (50 percent State grant)	×	
Vocational education—research (50 percent State grant)	×	
Vocational education—special needs	×	

Note: As of Mar. 15, 1973, plans were underway to decentralize 7 additional Office of Education programs:

1. Basic education opportunity grants.
2. Educational personnel training grants—career opportunities
3. Higher education—construction.
4. SAFA construction, secs. 5 and 14.
5. Educational personnel training grants—urban/rural.
6. Vocational education—innovation.
7. Vocational education personnel development.

ORGANIZATIONAL CHANGES

Mr. Flood. What about these organizational changes? Have you made any significant organizational changes in the last year? You fellows are pretty good on charts down there. What about your present organizational chart? You have one down there. Dust it off and bring it in.

Mr. Evans. That is the current organizational chart?

Mr. Flood. Yes.

Mr. Evans. We will be happy to supply that.

Mr. Flood. And any significant changes that have taken place in the last year.

Mr. Evans. No, sir; no significant changes, but Dr. Ottina might like to speak to that.

Dr. Ottina. There are some units that were formerly part of the Office of Education that are no longer there now and are part of the National Institute of Education. There are also some legislative changes in the educational amendment which established a new bureau and deputyship and a different set of reporting relationships for the Teacher Corps.

Mr. Flood. Make that part of the narrative on the chart.

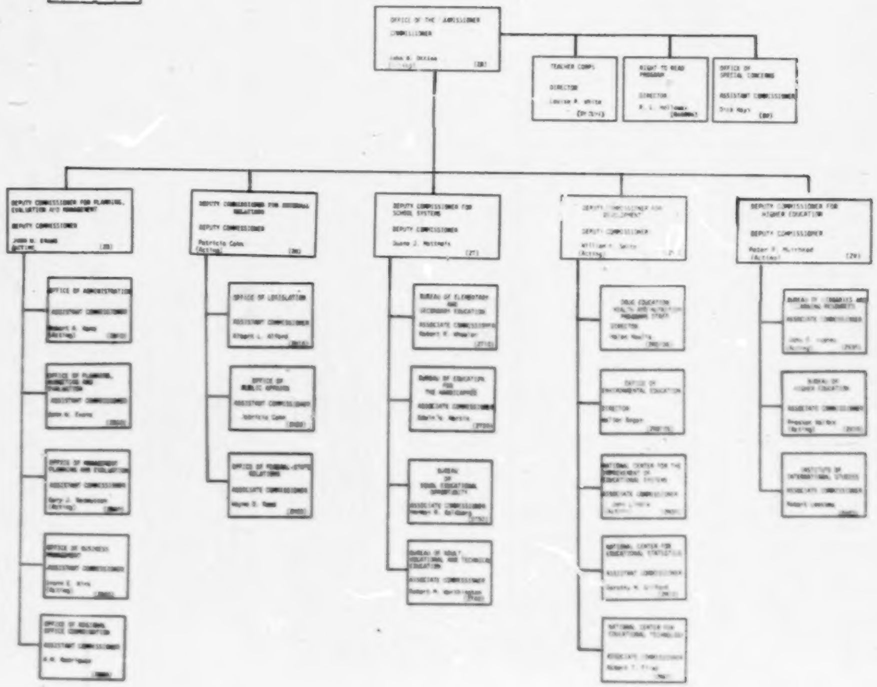
[The information follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

EDUCATION DIVISION

OFFICE OF EDUCATION

APPROVED:
John R. Ottina, Acting Commissioner
MAR 15 1973


OFFICE OF THE COMMISSIONER
COMMISSIONER
John R. Ottina (Acting)
TEACHER CORPS
DIRECTOR
Louise P. White
RIGHT TO READ PROGRAM
DIRECTOR
R. L. Holloway
OFFICE OF SPECIAL CONCERNS
ASSISTANT COMMISSIONER
Dick Hays
DEPUTY COMMISSIONER FOR PLANNING, EVALUATION AND MANAGEMENT
DEPUTY COMMISSIONER
John W. Evans (Acting)
DEPUTY COMMISSIONER FOR EXTERNAL RELATIONS
DEPUTY COMMISSIONER
Patricia Cahn (Acting)
DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS
DEPUTY COMMISSIONER
Duane J. Mattheis
(27)
DEPUTY COMMISSIONER FOR DEVELOPMENT
DEPUTY COMMISSIONER
William L. Smith (Acting)
DEPUTY COMMISSIONER FOR HIGHER EDUCATION
DEPUTY COMMISSIONER
Peter P. Muirhead (Acting)
(29)
OFFICE OF ADMINISTRATION
ASSISTANT COMMISSIONER
(Acting)
OFFICE OF PLANNING, BUDGETING AND EVALUATION
ASSISTANT COMMISSIONER
John W. Evans
OFFICE OF MANAGEMENT PLANNING AND EVALUATION
ASSISTANT COMMISSIONER
(Acting)
OFFICE OF BUSINESS MANAGEMENT
ASSISTANT COMMISSIONER
(Acting)
OFFICE OF REGIONAL OFFICE COORDINATION
ASSISTANT COMMISSIONER
A.H. Rodriguez
OFFICE OF LEGISLATION
ASSISTANT COMMISSIONER
Albert L. Alford
OFFICE OF PUBLIC AFFAIRS
ASSISTANT COMMISSIONER
Patricia Cahn
OFFICE OF FEDERAL-STATE RELATIONS
ASSOCIATE COMMISSIONER
Wayne O. Reed
BUREAU OF ELEMENTARY AND SECONDARY EDUCATION
ASSOCIATE COMMISSIONER
Robert R. Wheeler
BUREAU OF EDUCATION FOR THE HANDICAPPED
ASSOCIATE COMMISSIONER
Edwin W. Martin
BUREAU OF EQUAL EDUCATIONAL OPPORTUNITY
ASSOCIATE COMMISSIONER
Herman R. Goldberg
BUREAU OF ADULT, VOCATIONAL AND TECHNICAL EDUCATION
ASSOCIATE COMMISSIONER
Robert M. Worthington
DRUG EDUCATION HEALTH AND NUTRITION PROGRAMS STAFF
DIRECTOR
Helen Nowlis
OFFICE OF ENVIRONMENTAL EDUCATION
DIRECTOR
Walter Bogan
NATIONAL CENTER FOR THE IMPROVEMENT OF EDUCATIONAL SYSTEMS
ASSOCIATE COMMISSIONER
(Acting)
NATIONAL CENTER FOR EDUCATIONAL STATISTICS
ASSISTANT COMMISSIONER
Dorothy M. Gilford
NATIONAL CENTER FOR EDUCATIONAL TECHNOLOGY
ASSOCIATE COMMISSIONER
Robert T. Filep
BUREAU OF LIBRARIES AND LEARNING RESOURCES
ASSOCIATE COMMISSIONER
John T. Hughes (Acting)
BUREAU OF HIGHER EDUCATION
ASSOCIATE COMMISSIONER
Preston Valien (Acting)
INSTITUTE OF INTERNATIONAL STUDIES
ASSOCIATE COMMISSIONER
Robert Leestma

Significant changes in the organization of the Office of Education which have occurred during the past year are reflected in the attached chart of organization. They are:

1. Upon establishment by the Education Amendments of 1972 of a Division of Education, the Office of Education and the newly created National Institute of Education became the two organizational sub-elements of that Division.

2. Office of the Deputy Commissioner for Planning, Evaluation and Management: The administrative functions were reorganized into an Office of Administration, Office of Business Management and Office of Management Planning and Evaluation. The Budget Division was transferred from the former Office of Administration to the Office of Planning Budgeting and Evaluation.

3. Office of the Deputy Commissioner for School Systems:

A. Bureau of Equal Educational Opportunity was created to administer the Emergency School Aid Act.

B. The functions of the Bureau of Adult Vocational and Technical Education will be transferred in the near future to the new Bureau of Occupational and Adult Education mandated by the Educational Amendments of 1972. Upon transfer of the functions the former bureau will be abolished.

4. Office of the Deputy Commissioner for Development:

A. The National Center for Educational Research and Development and the National Center for Educational Communication were transferred to the National Institute of Education.

B. The Teacher Corps was transferred to the Office of the Commissioner of Education in compliance with the provision of the Education Amendments of 1972 stipulating the Commissioner of Education may delegate his functions relating to the Teacher Corps only to the Director, Teacher Corps.

Mr. Flood. Mr. Michel.

Mr. Michel. Thank you, Mr. Chairman.

RELATIONSHIP OF EMPLOYEES TO APPROPRIATION LEVELS

Is there any relationship between the number of employees you will need and the amount of money that will actually be appropriated, for example, for basic opportunity grants? In other words, if we should fully fund that at the request of $900-some-odd million, as against maybe $500 million, does it take the same number of employees to administer the program, regardless of the amount of money we would be appropriating?

Dr. Ottina. The particular example you have chosen is one where the answer would be yes, it would take the same, because that particular program is entitlement for 100 percent for the students. What would be altered is the amount each one would be receiving. If you had taken a different example, the answer could have been quite different because in some programs it would alter the amount of grants that we would be able to provide and therefore our activities in terms of reviewing applications and monitoring the grants would be increased.

Mr. Michel. You anticipated, in part, the next question. For example, under the insured loan program, would the dollar volume or the amount that we would appropriate have any bearing on the number of employees you would have under the insured loan program?

Dr. Ottina. I would believe that it would be more like the EOG program. However, we have been emphasizing the collection aspect in that program to try to reduce the default rate. We have been requesting additional positions to help reduce defaults and eliminate that problem.

Mr. Michel. How many additional people are requested in their budget for that purpose?

Mr. **Keen**. Twenty.

Mr. **Michel**. And at what grade level?

Mr. **Keen**. What we plan to do is to take existing staff, as we are going down another program, but it would be an average of a 9.

Mr. **Stacey**. These were calculated at 9.8 as the average.

Mr. **Michel**. How about in the emergency school assistance program? How about employment levels and any variation depending upon the dollar amount appropriated for the program?

Dr. **Ottina**. That one, Mr. Michel, would be a combination of the two. There is in that particular program a kind of fixed base price that has to be established in terms of personnel, and then as the State allocations operate, more and more districts would be applying to the State and we would have more and more projects that would need to be reviewed and monitored. That would be also true of the set-aside program because they are percents of the total. That would tend to increase and decrease with size of appropriation within certain limits.

EFFECT OF REDUCED EMPLOYMENT LEVEL ON AVERAGE GRADE

Mr. **Michel**. If you reduce your employment level as you have indicated you want to do, what effect will that have on the average grade level of employees left? Will it be a higher grade or a lower grade than current?

Mr. **Evans**. The reduction itself does not indicate whether it would go up or down. It has to be managed in a particular way to point it in a direction. We are, as you may know, under part of a Government-wide strong effort to reduce the average grade. We have a series of policies in effect right now such as restricting the hiring at higher grades and things of this sort, all of which are calculated to help us reach a specified goal of reducing the average grade in the Office of Education. So our plans that have gone forward under the request we are putting forth to this committee, if we carry them out the way we are planning, have a net effect of achieving a slight reduction in the present average grade in the Office of Education.

Mr. **Michel**. I am going to ask you the question, though I would hope there would not be any need for my asking it. In order to achieve that lowering of the average grade, you are not putting on any people in the lower grades for the sole purpose of bringing down the overall average grade, are you?

Mr. **Evans**. No, sir; we are not.

Mr. **Michel**. You know what I am talking about.

Mr. **Evans**. Yes, I do.

The problem that we face in achieving this grade reduction goal is that if there is simultaneously a problem of total employment, as there has been under the fiscal restraints of the past year or so, and if total overall hiring is thereby restricted, as it has been, one finds that there is differential attrition across the grades with more people leaving in the lower grades than the higher grades. If you sit in that position and do no hiring, the average grade of the existing employees tends to creep up. The plan that we have with the new positions has a policy of restricting hiring at the higher grades so that there will be a general policy to replace clerical positions at their existing grade levels, to try to fill the higher level requirements by the transfer of existing people, and to restrict sharply the hiring of new employees at the higher grades.

Mr. **Michel**. I think that is all, Mr. Chairman.

Mr. **Flood**. Mrs. Green.

PERSONNEL UNDER CONTRACT

Mrs. **Green**. Let me just ask two quick questions on the positions requested. You say you are proposing a total decrease of 640 positions. Does your request reflect the number of personnel who would be paid out of Federal funds but under contracts that you negotiate?

Dr. **Ottina**. No, these are only Federal employees.

Mrs. **Green**. But that is often a distinction without a difference. Do you contract out to others the responsibility for administration of programs and, in certain instances, are not such contracts paid with Federal funds—a function that otherwise would require personnel in the function of the Office of Education but because there is a contract with somebody else—they add personnel paid for with Federal tax dollars?

Mr. **Evans**. No, ma'am, we do not do that.

Dr. **Ottina**. We try very hard not to do that.

Mrs. **Green**. Which is it, we do not or we try very hard not to do it?

Dr. **Ottina**. Knowing the many things that go on in the Office of Education, our policy is not to do so.

Mrs. **Green**. That does leave quite a little bit of leeway.

Dr. **Ottina**. Said differently, I am not aware of any case where we do that.

Mrs. **Green**. You are not aware of any intentions to do it?

Dr. **Ottina**. I am not aware of any intentions to do it, either.

POSITIONS ASSOCIATED WITH EXPANDED ACTIVITIES

Mrs. **Green**. Second, you say that the 82 authorized positions to be used to support expanded activities—what if basic educational opportunity grants are not funded at all by the Congress, how many positions have you estimated are needed for the administration of that program?

Mr. **Evans**. We are requesting 94 additional positions in the 1974 budget for that activity.

Mrs. **Green**. Does that include regional?

Mr. **Evans**. Yes, ma'am.

Mrs. **Green**. Do all of your figures include people at the regional offices?

Mr. **Evans**. Yes, ma'am.

Mrs. **Green**. How many people do you have in the emergency school assistance program? How many additional positions are you asking for that?

Mr. **Stacey**. In this budget there are 417.

Mrs. **Green**. How many of those would be out of the 182 specific positions?

Mr. **Keen**. Thirteen new ones and an increase of 166 man-years over fiscal year 1973.

Mrs. **Green**. In addition to 417?

Mr. **Keen**. No, that includes those.

Mrs. **Green**. Thank you, Mr. Chairman.
Mr. **Flood**. Mr. Shriver.

STAFF RELATED TO EDUCATION REVENUE SHARING

Mr. **Shriver**. Thank you, Mr. Chairman. I remember reading recently in the local paper about a large number of people sitting around in an office with nothing to do in connection with family assistance planning, which was never finally adopted. Is there any problem in that regard in case special education revenue sharing is not passed?

Mr. **Evans**. No, sir. We have only people on the staff now who as part of their general planning responsibilities are thinking about conditions of special education revenue sharing and trying to do some planning for it.

There is no activity directly going on in that now. As we have indicated the net effect of having special education revenue sharing passed would be a decrease, not an increase, of 295 positions.

FIELD READERS

Mr. **Shriver**. You show a decrease of $387,000 for fiscal 1974 because of fewer field readers. What are they?

Mr. **Evans**. Field readers are experts of one type or another usually drawn from university and academic circles to help review contracts and grants of various kinds, and to advise the office on decisions it should make about accepting or rejecting those proposals.

Mr. **Shriver**. They are out in the field and not here?

Mr. **Evans**. They are not Office of Education employees. They are part-time consultants of one kind or another.

Dr. **Ottina**. Mr. Shriver, those are used against fulfillment of the requirement of the Cooperative Research Act which requires that we have personnel outside the Office of Education review applications and submit their comments.

RELATIONSHIP OF POSITIONS TO MAN-YEARS

Mr. **Shriver**. This table that you have on page 109 of the justifications shows a decrease of 150 positions for school systems, but a requested increase of 141 man-years. How does that work?

Mr. **Evans**. That works, as I indicated earlier, Mr. Shriver, as a result of the fact that those decreases cannot and will not take effect until later on in the fiscal year; that is, when the fiscal year 1974 begins on July 1, we will still have those people on board, those programs will still be partially in operation depending on what happens with the passage of Special Education Revenue Sharing, and activities will need to be transferred to the States, programs will need to be phased out. So that the actual reduction in positions will be achieved on this schedule by the end of the fiscal year, but some of those people will be on board and will be paid for various portions of the actual year.

So the man-years for fiscal 1974 will reflect their presence for the parts of the year that they are there.

Dr. **Ottina**. Many of the programs and grants do not end simultaneously at the end of the year. Those are funds for 1973 but they are just being awarded now and will be carried on in fiscal 1974.

PLANNING AND EVALUATION

Mr. **Shriver**. On page 120 you show your request of $10,205,000 for planning and evaluation. You say you need to know what works and what does not work, and why, in education. What is the difference between this request and the function of the new National Institute of Education?

Mr. **Evans**. The National Institute of Education's mandate and activity will relate entirely to research and demonstration, experimentation and exploration of new kinds of educational activities, methods and approaches.

Mr. **Shriver**. And this has to do with old ones?

Mr. **Evans**. This has to do with assessing the effectiveness or impact of existing authorized educational programs carried out by the Office of Education and not NIE.

Mr. **Shriver**. Thank you.

Mr. **Flood**. Mr. Robinson.

ADVISORY COMMITTEE ON EQUALITY OF EDUCATIONAL OPPORTUNITY

Mr. **Robinson**. Thank you, Mr. Chairman.

I notice as a result of the chairman's questions with respect to the various advisory committees that the comment was made that the biggest buildup is in the advisory committee for the equality of educational opportunity and that pertains to the program authorized by the Emergency School Aid Act, and I asked a number of questions about that as the record will show.

This, of course, is the one that carries the largest budget of any of these advisory commissions by some $100,000. Is that amount set statutorily in any way?

Dr. **Ottina**. No, sir.

Mr. **Robinson**. Why is it estimated that the expenses of this commission of 15 members is going to be so much higher than the expenses of any other commission that you have on the list?

Dr. **Evans**. I believe the answer to that, Mr. Robinson, is that the duties that this commission is entrusted with by law are more substantial than the others.

For example, I think we are all familiar with the fact that the actual processing of the first "batch" of grants under this program was held up pending the appointment of this Council because the law requires that the regulations governing those grants had to be reviewed and receive the advice of this Council. That was part of the law. So it is a 15-man Council, with requirements that it convene numerous times during the year. The arrangement is to pay the traveling and per diem costs of these members, plus a fee for the time that they are at work, and the total volume of their work has resulted in this total estimate of cost.

Mr. ROBINSON. Do we have a question in the record on a prior day regarding the makeup of this commission? I am not sure. If it is not in there, I would like to have the membership listed.

Mr. FLOOD. Yes, we will include the list at this point in the record.

[The information follows:]

NATIONAL ADVISORY COUNCIL ON EQUALITY OF EDUCATIONAL OPPORTUNITY

MEMBERS

Dale P. Parnell (chairman), State Superintendent of Public Instruction, 942 Lancaster Drive NE., Salem, Ore. 97310.
Mayor Jackson F. Lee, Mayor's Office, Kyle House, 234 Green Street, Fayetteville, N.C.
Dr. T. Winston Cole, Sr., dean of academic affairs, room 231, Tigert Hall, University of Florida, Gainesville, Fla. 32601.
Mr. Lawrence F. Davenport, vice president for development, Tuskegee Institute, Tuskegee Institute, Alabama.
Mrs. Wells Awsumb, 4411Walnut Grove Road, Memphis, Tenn. 38117.
Abbott Joseph Gerry, O.S.B., Chancellor, St. Anselm's College, St. Anselm's College, Manchester, N.H.
Mrs. Carmen A. Rodriguez, 564 Leland Avenue, Bronx, N.Y. 10472.
Richard E. Pesqueira, vice president for student affairs, New Mexico State University, Las Cruces, N. Mex.
Mr. Edward Meyers, 27 Duane Lane, Demarest, N. J. 07627.
Mrs. June G. Cameron, 812 White Oak Circle, Pittsburgh, Pa.
Loftus Carson, 9 Round Trail Drive, Pittsford, N.Y.
Dr. Jacquelyne J. Jackson, associate professor of medical sociology, Department of Psychiatry, Duke University Medical School, Durham, N.C. (P.O. Box 8522, Durham, N.C.).
Haruko Morita, 401 South Lafayette Park Place, Los Angeles, Calif. 90057.
Mr. Frederick Mosteller, 28 Pierce Road, Belmont, Mass.
Mr. Lyman F. Pierce, 4515 Edinburg Drive, Dale City, Va.

ADVISORY COMMITTEE BEING PHASED OUT

Mr. ROBINSON. I also recall that you, Dr. Ottina, mentioned there were several other such advisory committees that were being phased out. Yet on page 98, the only one that you mention is this Spanish-Mexican Education Advisory Committee to the tune of $27,000, and you mentioned committees that were being phased out that would save something like $900,000.

Dr. OTTINA. Yes, that is correct. Those are commitments that are related to the activities that we are proposing for education revenue sharing. Those are advisory committees that are for the educationally deprived children, their 1973 budget was $185,000; supplementary services, their 1973 budget was $225,000; vocational education, their 1973 budget was $330,000, and adult education, their 1973 budget was $166,000 for a total of $906,000.

Mr. ROBINSON. Where are they listed?

Dr. OTTINA. They do not appear in that listing because we are not asking funds for them.

Mr. ROBINSON. Of course you are not asking funds for this one either.

Dr. OTTINA. Except that these came out of other authorizations.

Mr. STACEY. This is the first year that our advisory committes are included in our request for "Salaries and expenses." Therefore, all advisory committees formerly funded under other accounts and for which we are requesting funds are included here. A reduction is indicated for the advisory committee for the education of Spanish and Mexican Americans since the committee has always been in this account.

Mr. ROBINSON. I suggest that, due to the fact you mention only one in your justification and yet you are talking in the hearings about saving $900,000, the question of inconsistency will be raised.

That is all, Mr. Chairman.

Mr. FLOOD. Thank you very much.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Salaries and expenses

Amounts Available for Obligation[1/]

	1973	1974
Appropriation................................	$68,360,000	$88,118,000
Enacted supplemental appropriation	13,905,000	---
Subtotal appropriations............	82,265,000	88,118,000
Real transfers to:		
"Health Services and Mental Health Administration"......................	-300,000	---
"National Institute of Education".........	-918,000	---
Comparative transfers to:		
"Office of the Secretary, DHEW"	-242,000	---
"Assistant Secretary for Education".......	- 48,000	---
"National Institute of Education"	-1,772,000	---
Comparative transfers from:		
"Food and Drug Administration"............	8,000	---
"Social and Rehabilitation Service".......	9,000	---
"Office of the Secretary, DHEW"...........	13,000	---
"Education for the Handicapped"...........	90,000	---
"Higher Education"........................	38,000	---
"Educational Development".................	11,155,000	---
"Special Institutions, DHEW"..............	73,000	---
Total, obligations.................	90,371,000	88,118,000

[1/] Excludes the following amounts for reimbursable activities carried out by this account: 1973 - $300,000; 1974 - $300,000.

Obligations by Activity

Page Ref.		1973 Estimate		1974 Estimate		Increase or Decrease	
		Pos.	Amount	Pos.	Amount	Pos.	Amount
107	Administration....	2,965	$78,642,000	2,619	$76,366,000	-346	$-2,276,000
117	Advisory Committees............	—	524,000	—	797,000	--	+273,000
120	Planning and evaluation..........	--	10,455,000	—	10,205,000	--	-250,000
123	Dissemination.....	—	750,000	—	750,000	--	---
Total obligations.......		2,965	90,371,000	2,619	88,118,000	-346	-2,253,000

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Total number of permanent positions..	2,965	2,619	-346
Full-time equivalent of all other positions..........................	215	215	---
Average number of all employees......	2,720	2,912	+192
Personnel compensation:			
Permanent positions................	$ 42,806,000	$ 45,929,000	$ +3,123,000
Positions other than permanent.....	2,610,000	3,391,000	+781,000
Other personnel compensation.......	186,000	255,000	+69,000
Subtotal, personnel compensation.	45,602,000	49,575,000	+3,973,000
Personnel benefits..................	3,821,000	4,185,000	+364,000
Travel and transportation of persons.	3,458,000	3,675,000	+217,000
Transportation of things............	301,000	231,000	-70,000
Rent, communications, and utilities..	3,832,000	4,016,000	+184,000
Printing and reproduction...........	938,000	836,000	-102,000
Other services......................	17,199,000	14,038,000	-3,161,000
Project contracts.................	13,955,000	10,955,000	-3,000,000
Supplies and materials..............	398,000	441,000	+43,000
Equipment...........................	617,000	166,000	-451,000
Grants, subsidies and contributions..	250,000	---	-250,000
Total obligations by object........	90,371,000	88,118,000	-2,253,000

Summary of Changes

1973 Estimated obligations	$ 90,371,000
1974 Estimated obligations	88,118,000
Net change	-2,253,000

	Base	Change from Base
Increases:		
A. Built-in:		
1. Annualization of new positions and increased manyears	$ —	$ +3,788,000
2. Within-grade increases	—	+324,000
3. Increased payments to DHEW Working Capital Fund	5,194,000	+1,174,000
4. Increased employees' compensation benefits	—	+63,000
5. Payments to DHEW Central Payroll Service	—	+25,000
6. Annualization of space costs	10,000	+31,000
7. Annualization costs of Advisory Committees	150,000	+150,000
B. Program:		
1. Increase of OE Advisory Committee activity	647,000	+150,000
2. Increase in other than permanent personnel	2,610,000	+867,000
Total, increases	—	+6,572,000
Decreases:		
A. Built-in:		
1. Completion of one-time planning activities	3,250,000	-3,250,000
2. Used in 1973 to fund the pay raise	—	-1,885,000
B. Program:		
1. Reduced costs for transportation of things	301,000	-70,000
2. Less printing	938,000	-135,000
3. Termination of an Advisory Committee	27,000	-27,000
4. Reduction of automatic data processing costs	6,936,000	-1,658,000
5. Non-recurring one-time costs	—	-1,413,000
6. Fewer field readers	—	-387,000
Total, decreases	—	-8,825,000
Total, net change	—	-2,253,000

Explanation of Changes

Increases:

A. Built-in:

1. The increase of $3,788,000 will fund for the entire year 197 new positions filled in fiscal year 1973 for part of the year and support an increase of more manyears in fiscal year 1974 resulting from filling authorized positions not filled until late in fiscal year 1973.

2. The increase of $324,000 will provide for personnel scheduled to receive within-grade promotions.

3. Services provided to the Office of Education through the Department's Working Capital Fund will cost $1,174,000 more in fiscal year 1974 than in fiscal year 1973.

4. An additional $63,000 will provide for payment to the Department of Labor Employees' Compensation Fund, on account of injuries or deaths sustained by employees in the Office of Education.

5. The cost for services provided to the Office of Education by the Department of Health, Education, and Welfare Central Payroll Service will increase by $25,000 for fiscal year 1974.

6. Full-year rent costs will result in an additional $31,000 for expanded space in the Denver regional office.

7. Annualized costs for the Emergency School Aid and Indian Education Advisory Committees will result in increases of $150,000, $75,000 respectively.

B. Program:

1. Expanded activities will result in program increases for the following advisory committees: Emergency School Aid, $100,000; Student Financial Aid, $20,000; Developing Institutions, $20,000; and Education for the Deaf, $10,000.

2. An increase of $867,000 will provide for additional consultants and temporary personnel to facilitate starting new programs and phasing out those programs for which no funds are requested in fiscal year 1974.

Decreases:

A. Built-in:

1. A Higher Education Act, Title I, study for $250,000, and a $3,000,000 Higher Education planning activity will not be repeated in fiscal year 1974.

2. An amount of $1,885,000 was used in 1973 to fund the pay raise.

B. Program:

1. Reduced transfer of things, usually related to personnel moves, will result in a need of $70,000 less than that planned for fiscal year 1973.

2. Printing expenses associated with start-up costs for new programs will not be repeated in fiscal year 1974 and will result in a reduction of $135,000.

Decreases: (cont'd)

B. **Program:** (cont'd)

3. The Spanish-Mexican Education Advisory Committee is being terminated, resulting in a reduction of $27,000. The Committee has issued its final report of findings and recommendations for improving OE programs that serve Spanish and Mexican Americans.

4. Automatic data processing costs of $1,658,000 incurred in fiscal year 1973 associated with starting new programs authorized by the Education Amendments of 1972 will not be repeated in fiscal year 1974.

5. Government services, such as renovation costs, that will not be repeated in fiscal year 1974 will require $1,413,000 less than in fiscal year 1973.

6. Termination of programs will result in a decrease of an estimated $387,000 for field readers.

Authorizing Legislation

	1974	
Legislation	Authorized	Appropriation Requested
General Education Provisions Act:		
Section 400(c) -- Administration	Indefinite	$76,366,000
Part D -- Advisory Councils	Indefinite	797,000
Section 411 -- Program planning and evaluation	$25,000,000	10,205,000
Section 422 -- Dissemination...........	Indefinite	750,000

TITLE IV

GENERAL PROVISIONS CONCERNING EDUCATION[1]

PROGRAMS SUBJECT TO THIS TITLE; DEFINITIONS; APPROPRIATIONS; SHORT TITLE

SEC. 400. (a) The provisions of this title shall apply to any program for which the Commissioner of Education has responsibility for administration, either as provided by statute or by delegation pursuant to statute. Amendments to Acts authorizing such programs shall not affect the applicability of this title unless so specified by such amendments.

(b) For the purposes of this title, the term—

(1) "Commissioner" means the Commissioner of Education;

(2) "Secretary" means the Secretary of Health, Education, and Welfare; and

(3) "Applicable program" means a program to which this title is applicable.

(c) There are hereby authorized to be appropriated for any fiscal year, as part of the appropriations for salaries and expenses for the Office of Education, such sums as the Congress may determine to be necessary to carry out the provisions of this title.

(d) This title may be cited as the "General Education Provisions Act."

(20 U.S.C. 1221) Enacted Jan. 2, 1968, P.L. 90-247, Title IV, sec. 401, 81 Stat. 814; amended Oct. 16, 1968, P.L. 90-576, Title III, sec. 301(a), 82 Stat. 1094; amended April 13, 1970, P.L. 91-230, Title IV, sec. 401(a)(2), 84 Stat. 164; renumbered June 23, 1972, P.L. 92-318, sec. 301(a)(1), 86 Stat. 326.

PART D—ADVISORY COUNCILS

DEFINITIONS

SEC. 441. As used in this part, the term—

(1) "advisory council" means any committee, board, commission, council, or other similar group (A) established or organized pursuant to any applicable statute, or (B) established under the authority of section 442; but such term does not include State advisory councils or commissions established pursuant to any such statute;

(2) "statutory advisory council" means an advisory council established by, or pursuant to, statute to advise and make recommendations with respect to the administration or improvement of an applicable program or other related matter;

(3) "nonstatutory advisory council" means an advisory council which is (A) established under the authority of section 442, or (B) established to advise and make recommendations with respect to the approval of applications for grants or contracts as required by statute;

(4) "Presidential advisory council" means a statutory advisory council, the members of which are appointed by the President;

(5) "Secretarial advisory council" means a statutory advisory council, the members of which are appointed by the Secretary;

(6) "Commissioner's advisory council" means a statutory advisory council, the members of which are appointed by the Commissioner;

(7) "applicable statute" means any statute (or title, part, or section thereof) which authorizes an applicable program or controls the administration of any such program.

(20 U.S.C. 1233) Enacted April 13, 1970, P.L. 91–230, Title IV, sec. 401(a)(10), 84 Stat. 170; renumbered June 23, 1972, P.L. 92–318, sec. 301(a)(1), 86 Stat. 326.

AUTHORIZATION FOR NECESSARY ADVISORY COUNCILS

Sec. 442. (a) The Commissioner is authorized to create, and appoint the members of, such advisory councils as he determines in writing to be necessary to advise him with respect to—

(1) the organization of the Office of Education and its conduct in the administration of applicable programs;

(2) recommendations for legislation regarding education programs and the means by which the educational needs of the Nation may be met; and

(3) special problems and areas of special interest in education.

(b) Each advisory council created under the authority of subsection (a) shall terminate not later than one year from the date of its creation unless the Commissioner determines in writing not more than thirty days prior to the expiration of such one year that its existence for an additional period, not to exceed one year, is necessary in order to complete the recommendations or reports for which it was created.

(c) The Commissioner shall include in his report submitted pursuant to section 448 a statement on all advisory councils created or extended under the authority of this section and their activities.

(20 U.S.C. 1233a) Enacted April 13, 1970, P.L. 91–230, Title IV, sec. 401(a)(10), 84 Stat. 171; renumbered June 23, 1972, P.L. 92–318, sec. 301(a)(1), 86 Stat. 326.

MEMBERSHIP AND REPORTS OF STATUTORY ADVISORY COUNCILS

Sec. 443. Notwithstanding any other provision of law unless expressly in limitation of the provisions of this section, each statutory advisory council—

(1) shall be composed of the number of members provided by statute who may be appointed, without regard to the provisions of title 5, United States Code, governing appointment in the competitive service, and shall serve for terms of not to exceed three years, which in the case of initial members, shall be staggered; and

(2) shall make an annual report of its activities, findings and recommendations to the Congress not later than March 31 of each calendar year, which shall be submitted with the Commissioner's annual report.

The Commissioner shall not serve as a member of any such advisory council.

(20 U.S.C. 1233b) Enacted April 13, 1970, P.L. 91–230, Title IV, sec. 401(a)(10), 84 Stat. 171; renumbered June 23, 1972, P.L. 92–318, sec. 301(a)(1), 86 Stat. 326.

COMPENSATION OF MEMBERS OF ADVISORY COUNCILS

Sec. 444. Members of all advisory councils to which this part is applicable who are not in the regular full-time employ of the United States shall, while attending meetings or conferences of the advisory council or otherwise engaged in the business of the advisory council, be entitled to receive compensation at a rate fixed by the Commissioner, but not exceeding the rate specified at the time of such service for grade GS–18 in section 5332 of title 5, United States Code, including traveltime, and while so serving on the business of the advisory council away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in the Government service.

(20 U.S.C. 1233c) Enacted April 13, 1970, P.L. 91–230, Title IV, sec. 401(a)(10), 84 Stat. 171; renumbered June 23, 1972, P.L. 92–318, sec. 301(a)(1), 86 Stat. 326.

PROFESSIONAL, TECHNICAL, AND CLERICAL STAFF; TECHNICAL ASSISTANCE

Sec. 445. (a) Presidental advisory councils are authorized to appoint, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, or otherwise obtain the services of, such professional, technical, and clerical personnel as may be necessary to enable them to carry out their functions, as prescribed by law.

(b) The Commissioner shall engage such personnel and technical assistance as may be required to permit Secretarial and Commissioner's advisory councils to carry out their function as prescribed by law.

(c) Subject to regulations of the Commissioner, Presidential advisory councils are authorized to procure temporary and intermittent services of such personnel as are necessary to the extent authorized by section 3109 of title 5, United States Code, but at rates not to exceed the rate specified at the time of such service for grade GS-18 in section 5332 of such title.

(20 U.S.C. 1233d) Enacted April 13, 1970, P.L. 91-230, Title IV, sec. 401(a)(10), 84 Stat. 171; renumbered June 23, 1972, P.L. 92-318, sec. 301(a)(1), 86 Stat. 326.

MEETINGS OF ADVISORY COUNCILS

Sec. 446. (a) Each statutory advisory council shall meet at the call of the chairman thereof but not less than two times each year. Nonstatutory advisory councils shall meet in accordance with regulations promulgated by the Commissioner.

(b) Minutes of each meeting of each advisory council shall be kept and shall contain a record of the persons present, a description of matters discussed and conclusions reached, and copies of all reports received, issued, or approved by the advisory council. The accuracy of all minutes shall be certified to by the chairman of the advisory council.

(20 U.S.C. 1233e) Enacted April 13, 1970, P.L. 91-230, Title IV, sec. 401(a)(10), 84 Stat. 172; renumbered June 23, 1972, P.L. 92-318, sec. 301(a)(1), 86 Stat. 326.

AUDITING AND REVIEW OF ADVISORY COUNCIL ACTIVITIES

Sec. 447. (a) Each statutory advisory council shall be subject to such general regulations as the Commissioner may promulgate respecting the governance of statutory advisory councils and shall keep such records of its activities as will fully disclose the disposition of any funds which may be at its disposal and the nature and extent of its activities in carrying out its functions.

(b) The Comptroller General of the United States, or any of his duly authorized representatives, shall have access, for the purpose of audit and examination, to any books, dcouments, papers, and records of each statutory advisory council.

(20 U.S.C. 1233f) Enacted April 13, 1970, P.L. 91-230, Title IV, sec. 401(a)(10), 84 Stat. 172; renumbered June 23, 1972, P.L. 92-318, sec. 301(a)(1), 86 Stat. 326.

REPORT BY THE COMMISSIONER OF EDUCATION

Sec. 448. (a) Not later than March 31 of each calendar year after 1970, the Commissioner shall submit, as a part of the Commissioner's annual report, a report on the activities of the advisory councils which are subject to this part to the Committee on Labor and Public Welfare of the Senate and the Committee on Education and Labor of the House of Representatives. Such report shall contain, at least, a list of all such advisory councils, the names and affiliations of their members, a description of the function of each advisory council, and a statement of the dates or the meetings of each such advisory council.

(b) If the Commissioner determines that a statutory advisory council is not needed or that the functions of two or more statutory advisory councils should be combined, he shall include in the report a recommendation that such advisory council be abolished or that such functions be combined. Unless there is an objection to such action by either the Senate or the House of Representatives within ninety days after the submission of such report, the Commissioner is authorized to abolish such advisory council or combine the functions of two or more advisory councils as recommended in such report.

(20 U.S.C. 1233g) Enacted April 13, 1970, P.L. 91-230, Title IV, sec. 401(a)(10), 84 Stat. 172; renumbered June 23, 1972, P.L. 92-318, sec. 301(a)(1), 86 Stat. 326.

PROGRAM PLANNING AND EVALUATION

SEC. 411. (a) Sums appropriated pursuant to section 400(c) may include for any fiscal year for which appropriations are otherwise authorized under any applicable program not to exceed $25,000,000 which shall be available to the Secretary, in accordance with regulations prescribed by him, for expenses, including grants, contracts, or other payments, for (1) planning for the succeeding year for any such program, and (2) evaluation of such programs.

(b) No later than July 31 of each calendar year, the Secretary shall transmit to the respective committees of the Congress having legislative jurisdiction over any applicable program a report containing (1) a brief description of each contract or grant for evaluation of such program or programs (whether or not such contract or grant was made under this section), any part of the performance of which occurred during the preceding fiscal year, (2) the name of the firm or individual who is to carry out the evaluation, and (3) the amount to be paid under the contract or grant.

(20 U.S.C. 1222) Enacted Jan. 2, 1968, P.L. 90-247, Title IV, sec. 402, 81 Stat. 814; amended April 13, 1970, P.L. 91-230, Title IV, sec. 401(a)(3), 84 Stat. 165; renumbered June 23, 1972, P.L. 92-318, sec. 301(a)(1), 86 Stat. 326.

COLLECTION AND DISSEMINATION OF INFORMATION

SEC. 422. (a) The Commissioner shall—

(1) prepare and disseminate to State and local educational agencies and institutions information concerning applicable programs and cooperate with other Federal officials who administer programs affecting education in disseminating information concerning such programs;

(2) inform the public on federally supported education programs;

(3) collect data and information on applicable programs for the purpose of obtaining objective measurements of the effectiveness of such programs in achieving their purposes; and

(4) prepare and publish an annual report (to be referred to as "the Commissioner's annual report") on (A) the condition of education in the nation, (B) developments in the administration, utilization, and impact of applicable programs, (C) results of investigations and activities by the Office of Education, and (D), such facts and recommendations as will serve the purpose for which the Office of Education is established (as set forth in section 403 of this Act).

(b) The Commissioner's annual report shall be submitted to the Congress not later than March 31 of each calendar year. The Commissioner's annual report shall be made available to State and local educational agencies and other appropriate agencies and institutions and to the general public.

(c) The Commissioner is authorized to enter into contracts with public or private agencies, organizations, groups, or individuals to carry out the provisions of this section.

(20 U.S.C. 1231a) Enacted April 13, 1970, P.L. 91-230, Title IV, sec. 401(a)(10), 84 Stat. 166; renumbered June 23, 1972, P.L. 92-318, sec. 301(a)(1), 86 Stat. 326; amended June 23, 1972, P.L. 92-318, sec. 301(b)(2)(B), 86 Stat. 332

Explanation of Transfers

	1973 Estimate	Purpose
Real transfers to:		
Health Services and Mental Health Administration	-300,000	Transfer for expenses of the Youth Camp Safety Study.
National Institute of Education	-918,000	Appropriation language for the National Institute of Education, 1973, authorizes the transfer from OE to NIE of certain dissemination projects and related salary and expense items.
Comparative transfers to:		
Office of the Secretary, DHEW	-82,000	Transfer to Departmental management of administrative costs previously funded under the Working Capital Fund.
	-21,000	Transfer to centralize support for Departmental library services.
	-19,000	To support executive manpower development program.
	-120,000	To integrate regional public affairs resources.
Assistant Secretary for Education	-48,000	Support for Foundation for Postsecondary Education.
National Institute of Education	-1,772,000	Represents transfer of salary and expense items to support educational research and development programs transferred to NIE.

	1973 Estimate	Purpose
Comparative transfers from:		
Food and Drug Administration	8,000	To support the staffing of the Southwest Campus of the Upward Mobility College.
Social and Rehabilitation Svc.	9,000	
Office of the Secretary, DHEW	13,000	
Education for the Handicapped	90,000	Transfers to support the advisory committees on Handicapped Children and Education for the Deaf.
Higher Education	38,000	Transfers to support the advisory committees on Student Financial Aid and Developing Institutions.
Educational Development	50,000	For advisory committee on Bilingual Education.
	150,000	For the advisory committee on Education Professions Development.
	10,205,000	To support transfer of planning and evaluation activities.
	750,000	To support transfer of general dissemination activities.
Special Institutions, DHEW	36,000	To support transfer of administrative activities for the Model Secondary School for the Deaf.
	37,000	To support transfer of administrative activities for the National Technical Institute for the Deaf.

Salaries and Expenses

Year		Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964		$15,767,000	$13,307,000	$13,307,000	$13,307,000
1965		20,977,500	19,877,500	19,977,500	19,977,500
1966		26,827,500	24,752,500	24,977,500	24,977,500
1967		38,068,184	35,565,184	30,280,184	32,430,184
1968		45,827,400	40,334,400	40,334,400	40,334,400
1969		54,250,112	46,495,112	43,621,112	46,542,112
1970		67,244,000	64,676,316	65,626,316	65,038,316
1971		82,670,000	77,759,000	76,466,000	76,466,000
1972		78,722,800	77,141,800	78,472,800	78,028,001
1973	Supplemental	13,905,000	13,905,000	13,905,000	13,905,000
1973		76,466,000	1/	1/	1/
1974		88,118,000			

1/ The regular appropriation for this account for 1973 had only been partially enacted at the time this budget was prepared. A temporary continuing resolution is in effect for the period from July 1, 1972 to February 28, 1973.

Justification

Salaries and Expenses

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits..........	2,965	$49,423,000	2,619	$53,760,000	-346	$+4,337,000
Other expenses..........	—	40,948,000	—	34,358,000	—	-6,590,000
Total..............	2,965	90,371,000	2,619	88,118,000	-346	-2,253,000

General Statement

For fiscal year 1974, the request for "Salaries and expenses" for the Office of Education includes the necessary expenses for the administration of all Office of Education programs, all Office of Education Advisory Committees, planning and evaluation activities, and costs associated with general program dissemination activities. The total request represents a net decrease of $2,253,000 from the fiscal year 1973 level, generally corresponding to one-time costs that will not recur in fiscal year 1974 and reduced costs associated with phasing out some programs. The following activity justifications include for "administration" specific distribution by program and organizational unit of proposed resources, some program increases for Office of Education Advisory Committees, a small decrease in planning and evaluation activities, and a request for a continuing level of support for general program dissemination activities.

Administration

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits..........	2,965	$49,423,000	2,619	$53,760,000	-346	$+4,337,000
Other expenses..........	—	29,219,000	—	22,606,000	--	-6,613,000
Total..............	2,965	78,642,000	2,619	76,366,000	-346	-2,276,000

Narrative

The request for administration represents a net decrease of $2,276,000 from the fiscal year 1973 level. To coincide with the fiscal year 1974 level for programs scheduled for phase out and those being folded into Education Revenue Sharing, offset some what by new programs requiring additional manpower, the positions requested for fiscal year 1974 represent a net decrease of 346. Notwithstanding a requested decrease in positions, a substantial increase in funds is requested for personnel compensation and benefits to cover a substantially increased number of permanent manyears in fiscal year 1974, coupled with a requested increase in other-than-permanent personnel. For administration a net reduction is requested for other expenses associated with completion of one-time tasks in fiscal year 1973, reduction in the number of permanent positions requested, and lower costs associated with fewer programs, such as printing and automatic data processing costs. In the sub-activities below, because the difference is significant, positions and manyears associated with each program are indicated.

Summary

	1973		1974		Increase or Decrease	
	Pos.	Man Years	Pos.	Man Years	Pos.	Man Years
Office of the Commissioner...........	126	117	129	129	+3	+12
Deputy Commissioner for School Systems...............................	933	697	783	838	-150	+141
Deputy Commissioner for Occupational and Adult Education...............	192	162	88	133	-104	-29
Deputy Commissioner for Higher Education.............................	694	593	696	679	+2	+86
Deputy Commissioner for Development..	352	334	259	282	-93	-52
Deputy Commissioner for External Relations..........................	92	90	91	89	-1	-1
Deputy Commissioner for Planning, Evaluation, and Management.........	576	512	573	547	-3	+35
Total...........................	2,965	2,505	2,619	2,697	-346	+192

Office of the Commissioner

	1973		1974		Increase or Decrease	
	Pos.	Man Years	Pos.	Man Years	Pos.	Man Years
Immediate Office....................	30	24	30	30	--	+6
Right to Read........................	24	21	24	24	--	+3
Teacher Corps........................	32	32	32	32	--	--
Office of Special Concerns..........	35	35	35	35	--	--
Office of Indian Education..........	5	5	8	8	+3	+3
Total..........................	126	117	129	129	+3	+12

In addition to providing central direction of program objectives to maintain coordinated and cohesive management, the office encompasses the following specific program areas. The Right-to-Read program is responsible for assistance to local and State educational agencies for reading and reading-related activities. The Office of Special Concerns provides leadership and assistance for agency components to provide for critical needs of certain population groups often excluded from the decision-making process in Federally supported education programs. The Teacher Corps program, established by the Education Personnel Development Act, operates programs affecting low-income children, teacher-interns, and regular teachers in retraining. The Office of Indian Education serves its geographically-scattered constituency by ensuring that its vital educational needs are included in implementation of OE programs.

Three new positions are requested in FY 1974 to coordinate OE programs that benefit American Indians.

Deputy Commissioner for School Systems

	1973		1974		Increase or Decrease	
	Pos.	Man Years	Pos.	Man Years	Pos.	Man Years
Immediate Office	24	16	24	23	--	+7
Bureau of Elementary and Secondary Education:						
Office of the Associate Commissioner	40	36	10	22	-30	-14
Non-Public School Coordinator	2	2	2	2	--	--
School Age Parents Task Force	2	2	2	2	--	--
Educationally deprived children:						
Headquarters	72	68	--	36	-72	-32
Regions	10	10	--	5	-10	-5
Supplementary services:						
State plan program	23	21	--	11	-23	-10
Strengthening State departments of education	46	41	--	21	-46	-20
Follow Through	38	37	29	33	-9	-4
Bilingual education	35	26	35	34	--	+8
School Assistance in Federally Affected Areas:						
Maintenance & Operations (P.L. 874):						
Headquarters	51	49	2	26	-49	-23
Regions	18	16	--	3	-18	-13
Construction (P.L. 815):						
Headquarters	14	14	14	14	--	--
Regions	20	20	20	20	--	--
Bureau of Education for the Handicapped:						
Office of the Associate Commissioner	28	19	28	25	--	+6
Gifted and talented children	4	4	4	4	--	--
State grant program	18	16	--	8	-18	-8
Deaf-blind centers	4	3	4	4	--	+1
Early childhood	8	4	8	7	--	+3
Special learning disabilities	3	2	3	3	--	+1
Regional resource centers	3	2	3	3	--	+1
Research and demonstrations	12	12	12	12	--	--
Intramural research	3	3	3	3	--	--
Media services and captioned films	9	9	9	9	--	--
Teacher education	33	31	33	32	--	+1
Recruitment and information:						
Headquarters	1	1	1	1	--	--
Regions	1	1	1	1	--	--
Child advocacy	3	3	3	3	--	--
National technical institute for the deaf	2	2	2	2	--	--
Model secondary school for the deaf	2	2	2	2	--	--
Bureau of Equal Educational Opportunities:						
Emergency School Assistance:						
Headquarters	80	50	80	78	--	+28
Regions	324	175	337	313	+13	+138
Special Education Revenue Sharing:						
Headquarters	--	--	25	14	+25	+14
Regions	--	--	87	62	+87	+62
Total	933	697	783	838	-150	+141

A total of 783 positions are requested for the Deputy Commissioner for School Systems, a net decrease of 150 positions for fiscal year 1974. This Deputyship oversees Federal programs to support elementary and secondary education programs for the handicapped, and has major responsibility for carrying out the Emergency School Aid Act and Title IV of the Civil Rights Act. Corresponding to our request to phase out certain programs and to fold others into the Education Revenue Sharing proposal, a decrease of 275 positions is requested. Decreases associated with programs being folded into Education Revenue Sharing are 82 positions associated with Elementary and Secondary Education Act Title I; 23 positions associated with the State-plan portion of Elementary and Secondary Education Act Title III (Supplementary Services); 67 positions associated with School Assistance in Federally Affected Areas; and 18 for the State-grant portion of the Education for the Handicapped program. Decreases associated with programs being phased out are 46 positions associated with Strengthening State Departments of Education and 9 positions associated with the gradual phase out of the Follow Through program. Corresponding to these decreases is a requested decrease of 30 support positions for these programs in the Office of the Associate Commissioner. Offsetting these decreases are requested increases of 13 additional positions to support the expanded program activities associated with the Emergency School Assistance program and 112 positions to support the implementation of the proposed Education Revenue Sharing package.

Deputy Commissioner for Occupational and Adult Education

	1973		1974		Increase or Decrease	
	Pos.	Man Years	Pos.	Man Years	Pos.	Man Years
Immediate Office	19	16	16	16	-3	--
Office of Career Education	5	--	5	4	--	+4
Proprietary Schools	2	1	2	2	--	+1
Postsecondary Occupational Education	2	--	2	2	--	+2
Occupational Development	5	1	5	4	--	+3
Office of Consumer Education	2	1	5	4	+3	+3
National Center for Adult, Continuing, and Manpower Education:						
Adult Education:						
State Grants:						
Headquarters	5	5	--	2	-5	-3
Regions	19	18	--	10	-19	-8
Special projects	13	12	13	12	--	--
Teacher training	7	7	7	7	--	--
National Center for Occupational, Vocational, and Technical Education:						
Office of the Associate Commissioner:						
Headquarters	5	5	6	5	+1	--
Regions	20	19	--	10	-20	-9
Basic vocational grants:						
Headquarters	27	26	--	13	-27	-13
Regions	26	23	--	13	-26	-10
Special needs	1	1	--	--	-1	-1
Consumer and homemaking	3	3	--	2	-3	-1
Work-study	1	1	--	--	-1	-1
Cooperative education	2	2	--	1	-2	-1
Innovation	7	6	7	7	--	+1
Vocational research	8	7	8	8	--	+1
Curriculum development	7	7	7	7	--	--
State Advisory Council	1	1	--	--	-1	-1
Career education	5	--	5	4	--	+4
Total	192	162	88	133	-104	-29

In fiscal year 1974, the responsibilities of the Deputy Commissioner for Occupational and Adult Education will include adult education, special projects and teacher training activities, vocational education curriculum development, career education, and the discretionary portion of vocational innovation and research. Also in this Deputyship is included the newly created Office of Consumer Education.

The positions requested for fiscal year 1974 total 88, a net decrease of 104 positions. Beginning with fiscal year 1974 all State grant programs formerly funded under the Vocational and Adult Education authorities will be folded into the Education Revenue Sharing proposal, which represents a decrease of 108 associated positions. An increase of four positions is requested for fiscal year 1974, three for the Office of Consumer Education and one additional position to support new thrusts, such as Career Education.

Deputy Commissioner for Higher Education

	1973		1974		Increase or Decrease	
	Pos.	Man Years	Pos.	Man Years	Pos.	Man Years
Immediate Office	19	18	19	18	--	--
Community College unit	8	3	8	8	—	+5
Bureau of Higher Education:						
Office of the Associate Commissioner:						
Headquarters	33	32	33	32	--	--
Regions	21	20	21	18	—	-2
Accreditation and institutional eligibility	19	18	19	19	--	+1
Grants/Work-Study:						
Headquarters	41	33	35	34	-6	+1
Regions	32	30	32	30	—	--
Basic Opportunity Grants:						
Headquarters	31	16	95	85	+64	+69
Field	—	--	30	21	+30	+21
Student loans	23	21	12	18	-11	-3
Insured loans:						
Headquarters	44	42	64	58	+20	+16
Regions	58	55	58	56	—	+1
Student loan insurance fund:						
Headquarters	25	23	25	24	—	+1
Regions	25	8	32	27	+7	+19
Loans to institutions	3	3	3	3	—	--
Teacher cancellations	2	2	2	2	--	--
Cooperative education	4	4	6	5	+2	+1
Reserve fund advances	1	1	1	1	—	--
Special programs for the disadvantaged (Talent Search, Upward Bound, and Special Services in College):						
Headquarters	15	15	15	15	—	—
Regions	33	32	33	32	--	--
Strengthening developing institutions	42	33	42	41	--	+8
University community services	3	3	1	2	-2	-1
Land-grant colleges	1	1	1	1	--	--
State Commissions	4	4	4	4	—	--
Higher education construction:						
Headquarters	19	18	9	9	-10	-9
Regions	32	28	17	16	-15	-12
College teacher fellowships	8	8	3	5	-5	-3
Training programs	5	5	3	3	-2	-2
Bureau of Libraries and Learning Resources:						
Office of the Associate Commissioner.	13	7	6	6	-7	-1
Public libraries:						
Headquarters	8	7	5	6	-3	-1
Regions	10	10	—	5	-10	-5
School library resources	9	9	4	6	-5	-3
College libraries	18	14	7	11	-11	-3
Undergraduate instructional equipment	2	2	—	1	-2	-1
Equipment and minor remodeling	1	1	--	—	-1	-1
Institute for International Studies:						
Office of the Associate Commissioner.	12	9	8	8	-4	-1
International activities	31	27	27	25	-4	-2
Language training and area studies	17	12	—	6	-17	-6
Fulbright-Hays training grants	16	14	12	13	-4	-1
Foreign visitors	6	5	4	5	-2	--
Total	694	593	696	679	+2	+86

The Deputy Commissioner for Higher Education is responsible for Federally supported higher education programs benefitting both students and institutions and includes higher education, library, and international activities. For 1974, 696 positions are requested, a net increase of 2 positions. For those programs for which either a phase out or a decreased level of support is anticipated, a decrease of 121 positions is requested. Programs requested to be phased out are: National Defense Student Loans, 11 positions; University Community Services, 2 positions; Higher Education Construction Grants, 25 positions; College Teacher Fellowships, 5 positions; Education Professions Development Act Training Programs, 2 positions; Language Training and Area Studies, 21 positions; Library programs, 39 positions; and 4 overhead positions in the Office of the Associate Commissioner for International Studies. Programs for which a decreased level of support is requested are the Work-Study program, 6 positions; International Activities, 4 positions; and the Foreign Visitors program, 2 positions. An increase of 123 positions is requested for those programs with an increased level of support or greater workload. Effective administration of the Basic Educational Opportunity Grants program will require an increase of 94 positions; Insured Loans, 27 positions; and for Cooperative Education an increase of 2 positions.

Deputy Commissioner for Development

	1973		1974		Increase or Decrease	
	Pos.	Man Years	Pos.	Man Years	Pos.	Man Years
Immediate Office	25	24	4	10	-21	-14
Drug education	13	12	5	11	-8	-1
Nutrition and Health Unit	6	5	-	1	-6	-4
Environmental Education	6	6	-	3	-6	-3
Educational Broadcasting Facilities	9	9	8	9	-1	-
Sesame Street and the Electric Company	8	6	7	7	-1	+1
National Center for the Improvement of Educational Systems (Dropout prevention, Supplementary Services Special Projects, and Education Professions Development Act):						
Headquarters	120	111	40	54	-80	-57
Regions	13	13	30	28	+17	+15
National Center for Educational Statistics	152	148	165	159	+13	+11
Total	352	334	259	282	-93	-52

The Deputy Commissioner for Development has responsibility for education professions development, national priority programs, and data systems improvement. A total of 259 positions are requested for fiscal year 1974, which represents a net decrease of 93 positions. Requested decreases total 123 positions. Decreases requested for programs scheduled for phase out are 6 for the Nutrition and Health program and 6 for the Environmental Education program. Programs for which a lower level of support is requested are associated with position decreases as follows: Drug Abuse Education, 8; Educational Broadcasting Facilities, 1; and Sesame Street and The Electric Company, 1. For those programs in the National Center for the Improvement of Educational Systems that are either scheduled for phase out or planned to be folded into Education Revenue Sharing, a decrease of 80 positions is requested. Resulting from the above deletions or phase outs, a 21 position decrease is requested in overhead jobs for the Immediate Office of the Deputy Commissioner. Two Education Professions Development Act programs (Urban/rural and Career Opportunities) are being regionalized and an increase of 17 positions is requested for these. To support a program increase in educational statistics programs and the National Achievement Study, an increase of 13 positions is requested.

Deputy Commissioner for External Relations

	1973		1974		Increase or Decrease	
	Pos.	Man Years	Pos.	Man Years	Pos.	Man Years
Office of Legislation..................	20	19	20	20	--	+1
Office of Public Affairs...............	69	68	68	66	-1	-2
Committee Management...................	3	3	3	3	--	--
Total.............................	92	90	91	89	-1	-1

There are three major responsibilities in this Deputyship--legislation, public affairs, and committee management. The Office of Legislation conducts the legislative program and provides information on the status, progress and content of educational legislation. The Committee Management Office has administrative responsibility for the numerous advisory committees serving the Office of Education. The Office of Public Affairs serves as the principal contact for the media, educators, and the general public seeking information on educational programs. It also functions as the general editorial offices of the Agency with numerous publications, including the award-winning periodical, American Education.

Deputy Commissioner for Planning, Evaluation, and Management

	1973		1974		Increase or Decrease	
	Pos.	Man Years	Pos.	Man Years	Pos.	Man Years
Immediate Office	11	8	11	11	--	+3
Regional Coordination:						
Headquarters	17	16	17	16	--	--
Regions	69	64	69	66	--	+2
Office of Business Management:						
Office of the Assistant Commissioner.	4	4	4	4	--	--
Audit liaison and coordination staff.	7	5	7	6	--	+1
Regulation and guideline study	24	15	24	24	--	+9
Finance Division	72	64	72	68	--	+4
Contracts and Grants Division	91	90	91	90	--	--
Office of Administration:						
Office of the Assistant Commissioner.	3	3	3	3	--	--
Personnel Division	47	41	40	42	-7	+1
General Services Division	44	42	44	44	--	+2
Automatic Data Processing Division	52	51	51	51	-1	--
Office of Management, Planning, and Evaluation:						
Office of the Assistant Commissioner.	5	4	5	5	--	+1
Systems Planning and Control Division	10	7	10	9	--	+2
Management Evaluation Division	22	11	22	16	--	+5
Office of Planning, Budgeting, and Evaluation:						
Office of the Assistant Commissioner.	15	15	15	15	--	--
Elementary and Secondary Program Division	16	14	16	15	--	+1
Postsecondary and Special Education Program Division	10	7	10	9	--	+2
Vocational and Handicapped Division	8	6	6	6	-2	--
Development Division	8	5	6	6	-2	+1
Budget Division	24	23	24	24	--	+1
Management Interns	17	17	26	17	+9	--
Total	576	512	573	547	-3	+35

This staff services the agency's needs in the areas of management, finance, contracts and grants, personnel, general services, management information, management evaluation, program planning, and evaluation, and budget. In general, these responsibilities entail the provision of timely and accurate information concerning the available administrative resources, and program planning and evaluation analyses to the Commissioner and his program managers to aid them in making decisions affecting the Office of Education and the education community.

Advisory Committees

	1973	1974	Increase or Decrease
Other expenses	$ 524,000	$ 797,000	$ +273,000
Committees:			
Accreditation and Institutional Eligibility	19,000	19,000	---
Education of Bilingual Children	50,000	50,000	---
Developing Institutions	8,000	28,000	+20,000
Education of the Deaf	40,000	50,000	+10,000
Education Professions Development	150,000	150,000	---
Education of Spanish and Mexican Americans	27,000	---	-27,000
Equality of Educational Opportunity	75,000	250,000	+175,000
Financial Aid to Students	30,000	50,000	+20,000
Handicapped Children	50,000	50,000	---
Indian Education	75,000	150,000	+75,000
Total	524,000	797,000	+273,000

Narrative

The Office of Education is served by nine public advisory committees for which funds are requested for fiscal year 1974. The committees, authorized by specific Federal statute or by general authority vested with the Commissioner, consist of members appointed by the President, the Secretary of Health, Education, and Welfare, or by the Commissioner of Education with the approval of the Secretary. In addition to performing specific Congressionally-mandated functions, these groups advise the Commissioner and the Secretary on matters of general policy concerning the administration of respective educational programs. Effective administration of these programs requires the advice and counsel of these public bodies.

Accreditation and Institutional Eligibility--(authorized by Executive Order, 12 members, appointed by the Secretary.)

This committee advises the Commissioner of Education concerning his actions in granting national recognition to accrediting agencies or associations and in determining institutional eligibility for participation in Federal programs.

Education of Bilingual Children--(authorized by ESEA, Title VII, 15 members, appointed by the Commissioner.)

This committee advises the Commissioner of Education with regard to matters of general policy arising in the administration of programs for children whose native tongue is other than English.

Developing Institutions--(authorized by the Higher Education Act of 1965, Title III, 9 members, appointed by the Commissioner.)

This committee advises the Commissioner of Education with respect to policy matters arising in the administration of Title III of the Higher Education Act of 1965 as amended and to assist the Commissioner in identifying those developing institutions through which the purposes of Title III can best be achieved.

The Council's responsibility and jurisdiction have been significantly broadened by new legislation to include review of, and approval of criteria to be used in funding applications under Title III, HEA of 1965, as amended.

Education of the Deaf--(authorized by the Captioned Films for the Deaf Act, P.L. 89-258, 12 members, appointed by the Secretary.)

This committee advises the Secretary of HEW and the Commissioner of Education concerning the administration of existing programs and the formulation of new programs with respect to the education of the deaf.

A significant increase in the number of committee meetings and in the amount of travel done by the Committee members is planned for fiscal year 1974.

Education Professions Development--(authorized by the Higher Education Act of 1965, Title V, 15 members, appointed by the President.)

This committee reviews the operation of Title V of the Higher Education Act of 1965 as amended and of other Federal programs for training and development of educational personnel, and evaluates their effectiveness in meeting needs for additional educational personnel, and in achieving improved quality in training programs.

Education of Spanish and Mexican Americans--(authorized by Executive Order, 20 members, appointed by the Commissioner.)

This committee advises the Secretary of HEW and the Commissioner of Education on problems central to the education of Spanish-speaking children and adults, particularly those of bilingual, bicultural families.

In 1972 and 1973 the Committee carried out a comprehensive review of those programs administered by the Office of Education which serve Spanish and Mexican Americans and issued a report of findings and recommendations for improvement of the administration of these programs.

This Committee will terminate June 30, 1973.

Equality of Educational Opportunity--(authorized by Public Law 92-318, the Emergency School Aid Act, Title VII, 15 members, appointed by the President.)

This Committee advises the Assistant Secretary for Education regarding the administration and effectiveness of programs assisted under the Emergency School Aid Act.

Initial funding of this council was on a start-up basis, due to the establishment of the council in the middle of the past year. The 1974 budget figure represents funding of the activated council for a full year.

Financial Aid to Students--(authorized by the HEA Amendments of 1968, 21 members, appointed by the Commissioner.)

This Committee advises the Commissioner of Education on matters of general policy arising in the administration by the Commissioner of programs related to financial aid to students and on the evaluation of the effectiveness of those programs.

The scope of council activities has been significantly increased by recent legislation and its structure will be modified to include two operating subcommittees.

Handicapped Children--(authorized by Sec. 604 of the Education of the Handicapped Act, 15 members, appointed by the Commissioner.)

This Committee reviews the administration and operation of programs administered by the Commissioner of Education with respect to handicapped children, including their effect in improving the educational attainment of such children.

Indian Education--(authorized by P.L. 92-318, the Education Amendments of 1972, 15 members, appointed by the President.)

This Committee is authorized to advise the Commissioner of Education with respect to the administration of any programs in which Indian children or adults participate.

The 1974 budget estimate provides for funding of the council for a full year.

Planning and Evaluation

	1973	1974	Increase or Decrease
Other expenses...........................	$ 10,455,000	$ 10,205,000	$ -250,000

Narrative

The evaluation and planning activities discussed here are those authorized under Section 411 of the General Education Provisions Act (GEPA). This Act authorizes, for each fiscal year, such sums as may be necessary for expenses, including grants, contracts, or other payments, for (1) planning programs and projects and (2) evaluation of such programs or projects for which the Commissioner of Education has responsibility for administration. A decrease of $250,000 is requested for fiscal year 1974 resulting from a nonrecurring cost for the study by the National Advisory Council on Extension and Continuing Education authorized by the Education Amendments of 1972. Support for all other planning and evaluation activities is requested to continue at last year's level.

Purpose:

Historically, Federal education programs have been developed and implemented in response to a demonstrated need in the educational community and to provide assistance and services to various target groups. Initially, we must know the nature and dimensions of the need, the characteristics of the target groups, the alternatives available for meeting the need or solving a problem and the costs and benefits of the alternatives. These requirements generate the planning studies. After programs have been established, we need to know how well they are meeting their objectives, how effective they are, and how well the programs are being managed. Over time we need to know if the requirements have changed, whether new technology has made a difference, whether emphases have changed, and whether programs need to be revised or recast. In general, we need to know what works, what doesn't work and why. Evaluation studies give us the answers to these questions and enable us to plan and manage our activities intelligently. Further, Section 413 of the General Education Provisions Act requires an annual report to Congress on the results and effectiveness of the programs and projects administered by the Commissioner of Education. Evaluation studies are required to provide the information for the report. Within the next few years our goal is to complete formal evaluations of all major Office of Education programs.

Accomplishments, Fiscal Years 1972/73:

Fiscal year 1973 marked the fourth year of major evaluation efforts in the Office of Education. Fiscal years 1970 through 1972 were utilized in building an educational evaluation capability in preparing comprehensive evaluation plans and in initiating sound evaluation studies. Approximately 90 major evaluation studies were started in this period. The results from most of them are only now beginning to be disseminated because of the long lead times involved.

In fiscal year 1973, approximately 60 studies were begun of which 17 were continuations, at a cost of $2,705,000, and 43 were new starts, at a cost of $7,750,000.

Included among the continuations are the following: (a) a study of impact of Elementary and Secondary Education Act Title I on reading skills in elementary schools; (b) a longitudinal study of effects of innovative elementary and secondary programs; (c) a study of Elementary and Secondary Education Act Title I formula and sub-allocation procedures; (d) support for joint Federal-State elementary and secondary program information system; (e) a study of the bilingual education program; (f) a study of higher education facilities needs; (g) an evaluation of training programs for higher education personnel; (h) a study of impact of vocational education programs; (i) a cost effectiveness study of education for the handicapped; (j) an evaluation planning for Rocky Mountain region demonstration in educational technology; and (k) measurement of the education effects of income maintenance programs.

Included among the new initiatives are the following: (a) an evaluation of Elementary and Secondary Education Act Title I migrant education programs; (b) an evaluation of Federal demonstration programs in elementary and secondary education; (c) a study of the Talent Search program; (d) development of interest subsidy and default model for Guaranteed Student Loan program; (e) an evaluation of exemplary vocational education projects; (f) an evaluation of the impact of State grant vocational education funds for the handicapped; (g) a national higher education student and institutional resource profile; (h) an analysis of 1972 high school cohort study data; (i) an assessment of educational needs of poor handicapped children; (i) a study of social benefits of higher education; (j) a census data study of college students; (k) an educational telecommunications planning study; (l) an evaluation planning for Right-to-Read community based programs; (m) a model design and development for educational communication; (n) a study of drug abuse education; and (o) several studies of educational finance.

In addition, major support was given to the National Advisory Council on Extension and Continuing Education. Funds were also provided for the support of the two Educational Policy Research Centers at Syracuse and Stanford Research Institute.

The fiscal year 1973 evaluations continue the emphasis on the large scale national evaluations of overall program effectiveness in the effort to close the gaps in our knowledge about program effectiveness. Results of these studies will generally not be available until the fall of 1974.

A number of results are available, however, from previous year studies. For example: (1) a reanalysis and synthesis of Elementary and Secondary Education Act Title I evaluation data for fiscal years 1965 through 1970; (2) a study of the use of incentives in education; (3) a study of the effects of performance contracting; (4) a study of the "Cost of College" which presents reliable cost data by level and control of institution; (5) a study of data on college and university staff manpower; (6) a comparison of proprietary and non-proprietary vocational training programs; (7) a study of State grant programs for the handicapped; (8) an evaluation of Federal programs to increase the pool of special education teachers; (9) a study implementing a process evaluation system for twelve National Center for the Improvement of Educational Systems programs; (10) a study of the impact of the Career Opportunities program and of innovation strategies of other National Center for the Improvement of Educational Systems programs; (11) case studies of twenty successful research and development products; (12) an evaluation of the effectiveness of regional laboratories and R&D centers; (13) a study of exemplary public library reading and reading-related programs; (14) an evaluation of multi-unit elementary school models; and (15) an evaluation of National Center for Educational Communication information analysis products.

Objectives, Fiscal Year 1974:

For fiscal year 1974, we plan to continue our emphasis on evaluating the overall effectiveness of the major Federal education programs. Formal evaluations will be initiated on many of the education programs not previously evaluated. As in 1973, the results of these studies will be used for decisions about these programs as well as to provide information for the annual report to Congress on program effectiveness. As in previous years, the studies will be a mix of continuations and new initiatives. Approximately 20 projects will be continuations for an estimated cost of $3,205,000, and approximately 40 will be new projects for an estimated cost of $7,000,000.

Among the continuations to be funded are: (1) a study of impact of Elementary and Secondary Education Act Title I on reading skills in elementary schools; (2) an evaluation of Federal demonstration programs in elementary and secondary education; (3) a National higher education student and institutional resources profile; (4) a study of the Talent Search program; (5) development of interest subsidy and default model for the Guaranteed Student Loan program; (6) a study of social benefits of higher education; (7) a study of higher education facilities needs; (8) an evaluation of exemplary vocational education projects; and (9) a longitudinal evaluation of the sixth cycle Teacher Corps.

Among new starts planned are: (1) an evaluation of the impact of the bilingual education program; (2) an evaluation of the new program in the Higher Education Act Title III Developing Institutions program; (3) a study of Guaranteed Student Loan program lenders; (4) an analysis of the needs for adult education; (5) an evaluation of innovative projects in adult education; (6) an assessment of programs to provide educational media services to the handicapped; and (7) an impact study of Right-to-Read community based projects.

As in fiscal year 1973, support will be provided for the two Educational Policy Research Centers. Also a portion of the funds will be used to finance consultative and related services required to prepare, monitor, and review various forms of planning and evaluation projects.

Dissemination

	1973	1974	Increase or Decrease
Other expenses..........................	$ 750,000	$ 750,000	$ ---

Narrative

Purpose:

This activity, authorized by Section 422 of the General Education Provisions Act, carries out the responsibility of the Commissioner of Education to prepare and disseminate information concerning Office of Education programs, to cooperate with other Federal officials who administer programs affecting education in disseminating information concerning such programs, and to inform the public on Federally-supported programs. These projects have included publications, films, seminars or workshops, television and radio spots, and other audiovisual materials targeted at certain populations or interest groups as well as the general public. Through these activities, the Office of Education increases the knowledge of the general public about educational goals and issues. The request for fiscal year 1974 continues support for this activity at last year's level.

Accomplishments, 1972 and 1973:

Over the past two years, 22 projects were funded to broaden public understanding of edutation. These included an advertising campaign to promote technical education and training; a project in educating the parents of disadvantaged children to "make every livingroom a classroom;" the production of a half-hour film on environmental education; the promotion and distribution of films on reading and early childhood education; a series of workshops to train public information personnel in State and local education agencies; the publication and dissemination of a special article on gifted children; a slide/tape recording presentation on the Regional Offices; and a film about a career education project.

Objectives, 1974:

During the coming fiscal year dissemination activities will include the development and implementation of a new multimedia advertising campaign on "Career Education;" radio and television spots on student financial assistance; promotion and general information dissemination for "Right to Read;" a pilot project to use multimedia, multilanguage communication to reach American Indians with education information; a University Summer Seminar for education reporters; a television and radio news feature service tied to projects featured in American Education magazine; and the continuation of the promotion of films on the Right to Read, Early Childhood, and Environmental Education programs.

OFFICE OF EDUCATION

Salaries and Expenses

Program Purpose and Accomplishments

Activity: Administration (General Education Provisions Act, Section 400(c))

1973		1974		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
2,965	$78,642,000	Indefinite	2,619	$76,366,000

Purpose: This activity provides support for all necessary staff and related expenses for the Commissioner of Education to carry out his responsibilities for administration, either as provided by statute or by delegation pursuant to statute.

Explanation: This activity provides staff and necessary expenses to support the activities of the staff in administering more than 60 separate programs, to provide program direction and guidance for the Office of Education, and to aid in the implementation of the new Education Revenue Sharing proposal.

Accomplishments in 1973: Major accomplishments of 1973 included the implementation of the Education Amendments of 1972, administration of greatly increased responsibilities of the Emergency School Aid Act, and gearing up for the initial implementation of the Education Revenue Sharing proposal, and to aid in the start-up of the new Basic Opportunity Grants program.

Objectives for 1974: In fiscal year 1974, a decrease of 346 positions is requested which generally corresponds to the programs scheduled for either phase out or for being folded into Education Revenue Sharing.

OFFICE OF EDUCATION

Salaries and Expenses

Program Purpose and Accomplishments

Activity: Advisory Committees (General Education Provisions Act, Part D)

	1974	
1973	Authorization	Budget Estimate
$ 674,000	Indefinite	$ 797,000

Purpose: Funds to support the activities of advisory committees are used to finance travel of and compensation for committee members, to provide, in some cases, special professional, clerical or technical assistance to support committee activities and to finance publication and dissemination of committee findings and recommendations.

Explanation: Advisory committees serving the Office of Education are created by the Congress or established by the Executive Branch to provide expert advice with respect to programs administered by the Commissioner.

Accomplishments in 1973: Public committees provided advice relative to a majority of Office of Education administered programs during fiscal year 1973. In addition to carrying out specialized evaluation projects, these groups advised the Office on preparation of regulations for the administration of educational programs and reviewed criteria for funding applications for various projects.

Objectives for 1974: Whereas the Congress has given the advisory committees a mandate for continuing advisory activities, these groups will be involved in the review and assessment of Office of Education administered programs and will report their activities, findings and recommendations to the Commissioner, the Congress and/or the President at the conclusion of the year.

OFFICE OF EDUCATION

Salaries and Expenses

Program Purpose and Accomplishments

Activity: Planning and Evaluation (General Education Provisions Act, Section 411)

	1974	
1973	Authorization	Budget Estimate
$ 10,455,000	$ 25,000,000	$ 10,205,000

Purpose: Funds for planning and evaluation are used to support planning and evaluation studies of programs administered by the Office of Education. Evaluation studies are used to assess objectively the effectiveness and impact of Federal education programs; to identify educational needs and objectives; to measure how well these are being met; and to help determine what works, what doesn't work and why. The data from these studies provide input to decisions about program development, emphasis, and management.

Explanation: The first step is to identify Congressional, Executive Office, Departmental, Commissioner, and Bureau requirements for planning and evaluation data. From these requirements and a knowledge of the availability of planning and evaluation funds, a comprehensive evaluation plan is developed. Once the plan is approved at the Office of Education and Department levels, it is put into effect. Major studies are conducted by contractors selected by competitive bidding and monitored by the Office of Education.

Accomplishments in 1973: Major effort was on evaluating the overall effectiveness of the major Federal education programs rather than on planning or needs assessment. New studies funded during the year included an evaluation of Elementary and Secondary Education Act Title I migrant education programs, an evaluation of Federal demonstration programs in elementary and secondary education, a study of the Talent Search program, a study of the Guaranteed Student Loan program, a study of the impact of new higher education legislation on student and institutional financial aid needs, a study of the social benefits of higher education, an evaluation of exemplary vocational education products, an evaluation of the impact of State grant vocational education funds for the handicapped, two assessments of the educational needs of handicapped children, an educational telecommunications planning study, and a study to plan the evaluation of Right-to-Read community based programs.

Objectives for 1974: Evaluation capability will be further expanded so that the Office of Education can be more fully responsive to the Nation's educational needs and to facilitate the annual reporting requirement on the effectiveness of all Office of Education programs. Emphasis will again be on evaluating the overall effectiveness of the major Federal education programs. Formal evaluations will be initiated on many of the education programs not previously evaluated.

OFFICE OF EDUCATION

Salaries and Expenses

Program Purpose and Accomplishments

Activity: Dissemination (General Education Provisions Act, Section 422)

	1974	
1973	Authorization	Budget Estimate
$ 750,000	Indefinite	$ 750,000

Purpose: The purpose of the Dissemination activity is to fulfill the responsibilities of the Commissioner of Education to prepare and disseminate to State and local educational agencies and institutions information concerning Office of Education programs and cooperate with other Federal officials who administer programs affecting education in disseminating information concerning such programs, and to inform the public on Federally supported education programs.

Explanation: To carry out the purpose of this activity, the Office of Education awards contracts for activities that include films, publications, seminars or workshops, television and radio spots, and preparation of other audiovisual materials.

Accomplishments in 1973: In 1973, a total of 12 projects will be supported, an increase of 2 over those in 1972. Of these, 6 are continuations, and 6 will be new awards.

Objectives for 1974: The estimate for 1974 will support 15 contracts, of which 11 will be continuations and 4 will be new awards.

Friday, March 16, 1973.

LIBRARY RESOURCES

WITNESSES

PETER P. MUIRHEAD, ACTING DEPUTY COMMISSIONER FOR HIGHER EDUCATION

DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION/DESIGNATE

JOHN F. HUGHES, ACTING ASSOCIATE COMMISSIONER, BUREAU OF LIBRARIES AND LEARNING RESOURCES

WILLIAM J. BAREFOOT, JR., EXECUTIVE OFFICER, OFFICE OF DEPUTY COMMISSIONER FOR HIGHER EDUCATION

MISS KATHLEEN MOLZ, PLANNING OFFICER, BUREAU OF LIBRARIES AND LEARNING RESOURCES

MRS. PATRICIA A. SMITH, SPECIAL ASSISTANT, BUREAU OF LIBRARIES AND LEARNING RESOURCES

MRS. HELEN PORTER, ACTING EXECUTIVE OFFICER, BUREAU OF LIBRARIES AND LEARNING RESOURCES

JOE G. KEEN, BUDGET OFFICER

CHARLES W. SCHNELLBACHER, BUDGET ANALYST

CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

Object Classification (in thousands of dollars)

Identification code 09-40-0212-0-1-605		1972 actual	1973 est.	1974 est.
11.3	Personnel compensation: Positions other than permanent	2	6	....
12.1	Personnel benefits: Civilian	....	1	....
21.0	Travel and transportation of persons	1	7	....
25.0	Other services	254	....	....
41.0	Grants, subsidies, and contributions	84,778	140,455	....
99.0	Total obligations	85,035	140,469	....

Personnel Summary

Full-time equivalent of other positions	....	1	....
Average paid employment	....	1	....

Program and Financing (in thousands of dollars)

Identification code 09-40-0212-0-1-605		1972 actual	1973 est.	1974 est.
	Program by activities:			
	1. Public libraries:			
	(a) Services	49,202	32,730	....
	(b) Construction	9,533	2,739	....
	2. School library resources	....	90,000	....
	3. College libraries [1]	12,934	15,000	....
	4. Educational broadcasting facilities	13,000	....	....
	5. Planning and evaluation	366	....	....
10	Total obligations	85,035	140,469	....
	Financing:			
17	Recovery of prior year obligations	−514	....	....
21	Unobligated balance available, start of year	−3,713	−3,344	−605
24	Unobligated balance available, end of year	3,344	605	605
25	Unobligated balance lapsing	957	....	....
	Budget authority	85,109	137,730	....
40	Appropriation	85,109	140,587	....
	1973 consisting of:			
	Pending	....	(122,730)	....
	Enacted	....	(17,857)	....
40	Enacted appropriation proposed for rescission [2]	....	−2,857	....
43	**Appropriation (adjusted)**	85,109	137,730	....
	Relation of obligations to outlays:			
71	Obligations incurred, net	84,521	140,469	....
72	Obligated balance, start of year	60,453	65,563	99,301
74	Obligated balance, end of year	−65,563	−99,301	−26,557
77	Adjustments in expired accounts	−4,233	....	....
90	Outlays	75,178	106,731	72,744

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[1] Includes funds for the Library Advisory Councils in 1972 and 1973.

[2] Proposed appropriation language and a narrative statement describing the purpose of this proposed rescission are included in Part III of this volume.

Mr. NATCHER. The committee will come to order.

We take up at this time Library Resources.

Mr. Muirhead, we will be pleased to hear from you.

Mr. MUIRHEAD. Thank you, Mr. Chairman. I do have a short statement to share with you. I would like to read that for the record.

Mr. NATCHER. Proceed.

INTRODUCTION OF WITNESSES

Mr. MUIRHEAD. With your permission, I would like to introduce the members of the staff here with me for this presentation.

We have on my immediate left Mr. Hughes, who is the Acting Associate Commissioner for the Bureau of Libraries and Learning Resources. Miss Kathleen Molz, Planning Officer for the Bureau of Libraries and Learning Resources. Mrs. Patricia Smith, special assistant in the Bureau of Libraries and Learning Resources. Mrs. Helen Porter, Acting Executive Officer for that same bureau.

May I proceed?

Mr. NATCHER. You certainly may.

We are delighted to have you ladies and gentlemen with us this morning.

GENERAL STATEMENT

Mr. MUIRHEAD. Mr. Chairman and members of the committee, I would like to report to you on the library resources appropriation which includes the major library-related programs administered in the U.S. Office of Education, affecting public libraries, elementary and secondary school libraries, and academic libraries. It also includes the librarian training and the library demonstration programs.

The programs contained in this appropriation are categorical aid programs designed to achieve specific objectives. Federal support should now shift from this type of aid to broad educational objectives which allow State and local officials more flexibility in establishing priorities. Although no funding is requested for this appropriation in fiscal year 1974, it is anticipated that support will be continued for the most promising of these programs with assistance from other Federal and non-Federal sources.

1. Since the enactment of the public library program in 1956, Federal funds supported public library services to about 87 million people, of which about 17 million received such services for the first time. Today, about 88 percent of the population is in a library service area. This is due in large measure to the increased local support for public libraries, which in significant part was stimulated by the seed money from the Federal Government. We feel that responsibility for this program should now be assumed by the State and local governments.

2. School library materials may be purchased under other broad educational authorities serving elementary and secondary school systems.

3. In 1974, Federal assistance to college libraries will be discontinued in favor of student assistance. These students will carry the funds to the institutions of their choice.

4. Exemplary library demonstration programs under title II–B of the Higher Education Act may be funded by the National Institute of Education.

My colleagues and I will be glad to answer any questions you may have.

Mr. **NATCHER.** Thank you, Mr. Muirhead.

RATIONALE FOR TERMINATING LIBRARY PROGRAMS

The budget proposes to terminate all Federal assistance for libraries, school libraries, college libraries, and community libraries. In 1973, Federal support for libraries was budgeted at a level of $137,730,000.

If you will, Mr. Muirhead, explain to the committee the rationale for terminating these programs.

Mr. **MUIRHEAD.** I will do so. Largely the rationale flows from a reordering of priorities in the budget. As you know, having heard our presentation in many of the other areas of the Deputy Commissioner for Higher Education, presented to you our rationale for the overriding priority of student financial aid. As you have noted, by far the largest budget request in the higher education that we are requesting is in that area. Having made that decision, we reviewed the programs and decided that student aid in this particular instance did have a much higher priority.

Second, we have before you a proposal to support a special revenue sharing which would direct aid to State and local school agencies and provide them with the opportunity to make the decisions and reduce the number of categorical programs from 30 to about 5 national objectives which would be identified in the special revenue sharing.

Third, our rationale stemmed from the fact that the library services in all of its parts had served the Nation well. For example, in title I of the public libraries, since its inception there has been provided $330 million for support of public libraries and the record has been an outstanding one. That money has been more than matched by the States as a result of or at least as a part of the stimulation of the use of Federal funds, the State and local communities have provided over $1 billion in support of public libraries, a very marked and dramatic increase since the program's inception in 1956.

So, putting all of those factors together, we came to the conclusion, and the decisions are never easy, Mr. Chairman—here was a program that had served and served very well indeed in terms of the limited Federal resources that we had in support of education, that probably we could put this one aside and feel that the job had in very large measure been accomplished.

LIBRARY PROGRAMS FOR THE POOR AND DISADVANTAGED

Mr. **NATCHER.** During the past several years, you were making great efforts to target library programs to the poor and disadvantaged. The committee had the impression that your efforts were successful. If you had cut off these programs, won't this have a serious effect on library aid for the needy?

Mr. **MUIRHEAD.** We hope not, Mr. Chairman. We are satisfied with the thrust of the programs in recent years, both in the public libraries, school libraries, and in the college library programs. They have been directed more and more to serving the disadvantaged.

It is our hope that in the area of public libraries, with the passage now of general revenue sharing and the opportunity that general revenue sharing provides for the support of public libraries, that good work will continue with the use of general revenue-sharing funds.

Similarly, we hope and indeed will encourage a similar use of the special revenue-sharing funds that will be made available as a result of the legislation now before the Congress for support of elementary and secondary education. We would hope that the moneys that are available under title I, compensatory education, and the Emergency School Assistance Act, other parts of the special revenue sharing would continue the good work of using these funds to support the disadvantaged.

In the third instance, we have been directing the college library program toward serving the disadvantaged. We have high hopes that the request we have before you for $100 million for the developing institutions program will enable us to serve those colleges where there is a high incidence of disadvantaged students and to improve their libraries.

LIBRARY PROGRAMS SERVING LOW-INCOME AREAS

Mr. **Natcher.** As far as low-income areas are concerned, how much of these programs do you estimate currently serve low-income areas?

Mr. **Muirhead.** If I may, Mr. Chairman, I would like to call upon our Acting Associate Commissioner for the Bureau of Libraries and Learning Resources to provide some information in response to that question.

Mr. **Natcher.** Go ahead.

Mr. **Hughes.** Mr. Chairman, speaking to the public library program to State and local units, we do have some estimates of the breakdown of how the $30 million available this fiscal year will be used for that kind of activity. We estimate that of the $30 million, approximately 46 percent will go into what we call national priority projects, special projects which serve a variety of special clientele, disadvantaged, handicapped, institutionalized and various kinds of hard-to-reach personnel. We estimate that $13.8 million of the $30 million will go into that category or roughly, 46 percent of the funds.

Mr. **Natcher.** Supply a table for the record showing expenditures for school libraries, college libraries, and public libraries for fiscal years 1972 to 1974.

Mr. **Muirhead.** We will be pleased to do that.

[The information follows:]

OFFICE OF EDUCATION EXPENDITURES FOR LIBRARY SERVICES TO SPECIAL CLIENTELE (DISADVANTAGED HANDICAPPED, STATE INSTITUTIONALIZED AND OTHERS)

[In thousands of dollars]

	Fiscal year—		
	1972 actual	1973 estimate	1974 estimate [1]
Public library services (LSCA I)	$21,400	$13,800	(2)
School library resources [3] (ESEA II)	10,800	10,300	(2)
College library resources (HEA II-IA)	10,993	5,000	(2)

[1] No funds are requested for libraries under these authorities. Funds estimated for libraries under other authorities are unavailable at this time.

[2] Not available.

[3] Amounts for children defined as eligible under ESEA title I.

SCHOOL LIBRARY RESOURCES AND RIGHT-TO-READ PROGRAM

Mr. NATCHER. Last year you spoke highly, Mr. Muirhead, of the school library resources program, particularly as it relates to the right-to-read program. In the 1974 budget this program is eliminated and, as I understand it, it will not be made a part of education revenue sharing.

How do you explain this change in policy?

Mr. MUIRHEAD. I would like to say it is really not a change in policy, Mr. Chairman. We will continue to place a high priority in the improvement of reading and we continue to give a very high priority to the right-to-read objective in the Office of Education. Our rationale for support of that objective is that the special revenue-sharing programs can be used in support of reading improvement in the schools.

We would expect that a substantial amount of the money available under title I of the Elementary and Secondary Education Act would be directed toward improving reading. We would expect moneys that were available under the Vocational Education Act to continue to be used in support of library areas. We would expect that the moneys that are available under the Emergency School Assistance Act would support libraries and also improvement of reading.

EVALUATION OF SCHOOL LIBRARY PROGRAM

Mr. NATCHER. Has there been an evaluation of the school library resources program? Any evaluation of that generally?

Mr. MUIRHEAD. May I call upon Mr. Hughes.

Mr. HUGHES. In terms of ESEA II program, school library resources program, we have had various analyses of the kinds of activities that have been undertaken in the program and we do have data on the kinds of projects that have been deemed to be successful. I think in terms of its impact we have some data that we can provide to the committee which shows the extent to which the ESEA program is reaching certain types of the population.

I think the general problem with ESEA II has been its dispersion. It reaches practically 97 percent of all schoolchildren and it is serving at the rate of about $1.86 per capita. You can well see it is minimal in that respect in terms of dollar impact. It is reaching a very large population. Within that large population there are some evidences of impact on disadvantaged students and groups of that kind. We can put in the record the data which would show the impact in terms of those special groups.

Mr. NATCHER. Mr. Michel.

Mr. MICHEL. Thank you, Mr. Chairman.

Let me pass just for the moment.

Mr. NATCHER. Mr. Smith?

Mr. SMITH. Thank you.

GENERAL REVENUE SHARING AND LIBRARIES

You spoke of general revenue-sharing funds being used for library purposes. Do you have a list of the States which have used general revenue-sharing funds?

Mr. Muirhead. We can provide such a list for the record, Mr. Smith. Library support of public libraries is permissible under general revenue sharing.

Dr. Ottina. Mr. Hughes has that list with him, if you would like to see it.

Mr. Hughes. The first two columns on those pages are the States that reported to us. Bear in mind we do not have complete information. We have canvassed the States and found 42 States could give us some answers about the availability of general revenue-sharing funds. What we do know is that in 32 States and 95 localities about $7.8 million of local revenue-sharing funds have been assigned to library activities. These assignments, as we interpret them, are additional funds. They may be used in some cases for construction and in other cases for services. In total, you will have in 1972 revenue sharing, $7.8 million pledged to libraries at the local level and in 32 States and 95 localities. This is incomplete information.

Mr. Smith. What is this column, LSCA 1?

Mr. Hughes. That is the amount that the States are getting from LSCA in fiscal years 1972 and 1973. In other words, the first two columns show the amounts that we had determined to be pledged from revenue-sharing funds.

Mr. Smith. In the case of Iowa, zero?

Mr. Hughes. Iowa, that is right. We could not find any Iowa funds at the local level being pledged to libraries for that purpose.

Mr. Smith. You won't find any at the State level either?

Mr. Hughes. The State revenue returns have been generally negative. We have not been able to find pledging of any general revenue-sharing funds at the State level. However, bear in mind we are talking about calendar year 1972 funds. We do not have the experience of the State pledges of fiscal year 1973 funds. Of course, the States were not faced with the budget situation that they are now faced with in terms of fiscal year 1974.

Mr. Smith. The special revenue-sharing proposal is not up yet? When will that be up?

Mr. Miller. Well, the newspaper this morning says it will be up in time for the hearing on Monday before Mr. Perkins' subcommittee. I assume it will. I know it is in the final stage.

Mr. Smith. So it is not here while we are discussing this matter.

Mr. Natcher. Mr. Shriver?

Mr. Shriver. Thank you, Mr. Chairman.

GENERAL REVENUE SHARING AS A REPLACEMENT FOR OTHER PROGRAMS

Dr. Muirhead, did you understand that the general revenue sharing was to be used to replace Federal programs going to be phased out?

Mr. Muirhead. It is my understanding that general revenue sharing would be used for the purposes that each State would decide.

Mr. Shriver. It was not suggested at any time by anybody from the administration it was to be used to replace programs the Federal Government was going to phase out?

Mr. Muirhead. No. General revenue sharing was intended for the States to decide in terms of their priorities and was not related to whether or not Federal programs would be continued or discontinued.

Mr. SHRIVER. In addition to that, not replace something that was going to be dropped. Not so special revenue sharing, as that was to take the place of categorical programs. I received calls yesterday from the State librarian of my State of Kansas and the State Administrator on title II of the ESEA, who were rather upset about the proposal to abruptly end library services. My State is in the first year of a 5-year improvement program under the Library Services Construction Act, and now there is to be a stop not a phaseout. I suppose the State could use some of its revenue-sharing money.

Why didn't we propose a phaseout rather than an abrupt ending of a big program of over $100 million appropriated another year?

Mr. MUIRHEAD. I would respond by saying that the same question can be asked of many other programs. We are faced with the budget situation in which we are holding the expenditure level at the level that has to be held, and meeting the priorities that are included in the budget. So some hard, tough decisions had to be made. One of them was to set aside programs that did not seem to be as high a priority.

ALLOCATION OF FUNDS UNDER THE CONTINUING RESOLUTION

Mr. SHRIVER. Because of the holdup in the allocation of funds in the continuing resolution, the States have not yet been informed as to the amount of their fourth quarter 1973 allotments. When will this information be available?

Can we assure them that they will receive not less than they received in the first three quarters?

Mr. MILLER. Of course I keep falling back on the same answer, Mr. Shriver. We are again at the final stages of determining a spending plan for the fourth quarter under the continuing resolution. I believe that the answer to the last part of your question is yes, they will not receive less.

It does offer me the opportunity, Mr. Shriver, to amend something that I said on the record several days ago which I would appreciate the opportunity to correct. I indicated in connection with a discussion on special education revenue sharing, the possibility of using the continuing resolution for fiscal year 1974. I think I incorrectly gave the impression that it might be the position of the administration that we could rely on the 1974 continuing resolution with respect to programs that are currently proposed for inclusion in special revenue sharing in order to hold them in place until the issue of special revenue sharing was decided.

I did not intend to indicate that this was a proposal of the administration but rather that a mechanism would be in place to permit alternative solutions in the determination of a compromise beween the administration and the Congress. However, I do not want in any way to imply that this is a recommendation or that we would feel this was the best approach to it. We are still hoping that we can get special revenue sharing in place in time.

POPULATION SERVED BY LIBRARIES

Mr. SHRIVER. On page 153 of the justifications you state nearly every citizen is in a library-served area. The American Library Association testified last year that an estimated 20 million Americans are still without access to public library services in their communities. What is your comment?

Dr. OTTINA. That would be about right. About 10 percent of the population. We are estimating very near 90 percent. being covered. Those two figures would be about right.

Mr. SHRIVER. Not nearly every citizen in the library-served area?

Dr. OTTINA. Ten percent still outside.

LIBRARY FUNDS IN THE PIPELINE

Mr. SHRIVER. The Wall Street Journal reported that you have a pipeline for libraries in here of $73 million and $27 million in the year after.

Mr. HUGHES. $73 million is the carryover, obligations made in fiscal year 1973 that will be spent by the States for various library programs in 1974. In other words, that is the typical obligation and outlay situation for any Federal funds. The $73 million that will be spent next year will be obligated this year and spent next year.

Mr. SHRIVER. What about the $27 million?

Mr. HUGHES. That will be spent this year.

OTHER FUNDING FOR LIBRARY PROGRAMS

Mr. SHRIVER. On page 151 you state that school library materials may be purchased under other education programs. What programs are you referring to?

Mr. HUGHES. I guess we refer primarily there to other ESEA titles of title I for disadvantaged. Title III for supplemental inventories serving all school populations; under title VI, for the handicapped.

Mr. SHRIVER. Is this higher than the 1973 figure compensation for the fact we are phasing the program out?

Mr. HUGHES. No, there is no change in the estimate as such. The point is that the kinds of materials now purchased with ESEA title II are also eligible for purchase under other titles of the act. The point of special revenue sharing is to put these together in one package.

Mr. SHRIVER. They are being phased out to be used as a possiblity under special revenue sharing?

Mr. HUGHES. That is correct.

Mr. SHRIVER. I believe that is all. Thank you.

Mr. NATCHER. Mr. Obey?

Mr. OBEY. No questions, Mr. Chairman.

Mr. NATCHER. Mrs. Green?

PGIS-COMPUTER PROGRAM FOR GRANTS AND CONTRACTS

Mrs. GREEN. Thank you, Mr. Chairman.

I would like to refer, if I may, to something a little bit out of order, to a matter which I brought up yesterday afternoon both with Dr. Ottina and Mr. Miller. I asked about the computer system that is in the Office of Education. If I recall the answer, it was you used an HEW computer?

Mr. MILLER. That is correct.

Mrs. GREEN. What can you tell us about the PGIS award and what is it in the Office of Education and how much money has been spent on it?

Dr. OTTINA. The PGIS is a computer programing system to attempt to track through various stages of award process a contract grant from its proposal stage through its award stage, through the followup and administration stage. My recollection is that this system was begun about 2½ to 3 years ago, that it was developed under a contract by North American, and that a first version of this system was delivered to the Office of Education approximately 1 to 1½ years ago.

It has been used primarily to track the contracts and grants that are processed through our contracts and grants shop for the last 12- to 14-month period.

A modification to the initial system was awarded to the same contractor shortly thereafter and they are presently about to complete their total efforts within, I would guess, the next 3 or 4 months.

Mrs. GREEN. Would you tell me how much has been spent on that to date?

Dr. OTTINA. I don't have the figure with me. I would estimate $2 to $3 million.

Mrs. GREEN. I had an estimate of $4 to $5 million. Do you think that could be true?

Dr. OTTINA. That could be true.

Mrs. GREEN. The following statement was made by a person in your shop:

> That due to lack of control by anyone over original Bureau input, we found that even such a simple thing as the run of contracts and grants awarded in fiscal year 1972 was 90 percent deficient, largely because of Bureau indifference as to the responsibility for the proper input.
>
> We devoted 2 weeks to backloading and brought the listing up to 90 percent efficiency, and today we are back down to 10 percent.

The story that I have been told about this system, which is a computer system in OE, is that it has never worked after the expenditure of, whatever it is, $2 to $5 million.

Would you have any comment on that?

Dr. OTTINA. Perhaps we are using different words, Mrs. Green. When you asked your question yesterday, I thought you were talking about hardware, the computer.

Mrs. GREEN. I think that I used computer system.

Dr. OTTINA. Even within the semantics of the profession, those words sometimes mean different things. If we are talking about computer programs, my answer that I gave you, even today, is incorrect. We have many computer program systems. In other words, programing that operates in a computer. We have many, many systems like that. PGIS is one of them. I cannot estimate the number. They operate in many, many program areas. So my answer, if it was in that context, was entirely incorrect if you ask the question that way.

In regard to the particular statement that you read before you, there are included in that statement many facts, many facts that I would agree with.

The loading that is referred to was in fact a very difficult problem. We believe now that we do have an accurate representation on that system and did have to take very severe and, as you note in your statement, measures to get it to where it was. You ended up, as I recall, in that statement, saying it was no longer accurate.

EFFICIENCY OF CURRENT COMPUTER PROGRAM

Mrs. **Green.** The last of the statement was they were down to 10-percent efficiency again. That was my next question. What would you say the efficiency is now?

Dr. **Ottina.** In terms of what is there for 1972, which would remain to be accurate because it has not changed, once we have an inventory of everything that is there it should remain.

Mrs. **Green.** I think this maybe has some relevance in regard to BOG's if the efficiency is not more than 10 percent.

I wonder about the computer program you recommend to determine family contribution, nationwide. I wonder what the efficiency rate will be if you put 4 million students through it in the country. Let me refer to a second item quickly.

I mentioned yesterday when Mrs. Holloway was here that the right to read program was required to fund "The Right to Read Council" to the tune of approximately $3 million. Mr. Obey pointed out that there were very high priorities in trying to improve our teaching of reading.

GRANT AWARD FOR EDUCATION PROJECT

I would like to ask you about this statement. Again, Dr. Ottina, you are very familiar with it:

> About May of 1972 one of my contracting officers was directed toward a grant in the amount of $85,000 to X corporation. He learned that this grant application had been rejected unanimously by a 10-member OE panel. Further, he learned that the project officer had been coerced into fabricating a probable work scope that would support a grant award still without any budget. I directed this to your attention and you directed me not to make the award.

"You" in that case was you, Dr. Ottina.

> Then on such-and-such a date the procurement application request reappeared with a note from a DCR official that Mr. Muirhead had directed a grant award. I referred this to my supervisor and by note he directed me that I comply with Mr. Muirhead's dictate following this discussion with Mr. Muirhead.

I want to ask you first, if you agree with the facts as they are stated here; and secondly, when this had nothing to do with the right-to-read program, why did the $85,000 come out of that program?

I am beginning to wonder if the right-to-read program is kind of a convenient bureau from which you required funding of contracts that might not bear close scrutiny.

Dr. **Ottina.** The answer to the last question is no. The answer to the first question, which is called for, is my corroboration of the facts as you stated. Unfortunately, I can only corroborate part of the statement. The statement which you read to the point where you said, "I directed that it not be done" is correct. I was on a month's leave during the conclusion of the remainder of your statement. I have no direct knowledge as to what happened.

Mrs. **Green.** Dr. Muirhead, would you want to comment?

Mr. **Muirhead.** I find that the information that you have is quite accurate. I think it should be supplemented, however, by the fact that when the original proposal, which was really in support of a career education activity, was turned down by the panel, that it was then reviewed again by the staff that had the responsibility for those programs and brought to my attention. We decided to appoint a new panel. That panel did make the site visit and came back with the recommendation it should be supported.

When that was brought to my attention, then I gave it my support, it should be supported in the light of the new panel's findings.

Dr. OTTINA. My recollection——

PANEL REVIEW OF PROJECT APPLICATION

Mrs. GREEN. You suggested it was reviewed by staff and you appointed a new panel. Were any of the staff in the Contracts and Grants Division of the Office of Education, the people who are charged with the responsibility of awarding contracts and grants? Or was that outside of that department entirely?

Mr. MUIRHEAD. The panel was appointed to review the proposal on its programmatic merits.

Mrs. GREEN. You said it was reviewed by staff. What staff reviewed it, Mr. Muirhead?

Mr. MUIRHEAD. I think that I would have to get that information for you, Mrs. Green. I don't recollect who it was.

Mrs. GREEN. Would you do that?

[The information follows:]

The Panel that made the site visit for this career education program in 1972 consisted of three Office of Education employees:

Mrs. Tanya Hamilton—Office of Deputy Commissioner for External Relations;

Mr. James Borches—Office of Deputy Commissioner for External Relations; and

Mr. William Dennis—Bureau of Adult Vocational and Technical Education.

Mr. MUIRHEAD. That was the procedure that was followed, that we did have a new panel look at the proposal and they came up with a positive finding rather than a negative finding.

Dr. OTTINA. I believe that the statement that you read at the end was incorrect in a sense, if I understood it properly. The award that we are describing now was not an award in the right to read but it was an award of another area.

Mrs. GREEN. It did not come out of the right to read program?

Dr. OTTINA. No.

Mrs. GREEN. Would you supply the answers where you need to review them?

RIGHT TO READ PROJECT PROPOSAL

Let me ask you about another right to read program.

A Mr. X came to me with a commissioner dictate that by the close of business that day I issue a grant in the amount of $100,000 to an unidentified man who would call on me. Mr. X when he came, demanded that he be given a grant number so that he could bill costs already incurred on a project of which you knew nothing about. About the same time that day, the right to read program submitted a procurement action request with a four-line work statement and no budget. I gave this gentleman a grant number with the understanding that they would immediately submit a work scope and a budget. To date, the grantee has not submitted either. I later learned that funds for this grant were borrowed from the right to read program and that the project was not a right to read project. However, a right to read official was designated as the project officer for a project of which he knew nothing, and as of June 13, 1972, the grantee had not submitted a work scope or budget as required. I contacted the OE project officer and learned that the grantee was attempting to ante his $100,000 grant into a $1 million-plus grant.

Do you have a comment?

Dr. OTTINA. That situation was brought to my attention by that same document that you read, I believe. My recollection was that this was late last summer or early last fall. At the time that that did occur I asked that an audit be conducted on that particular grantee. We notified him via letter. My recollection is that I signed that to complete and to reconcile what he had done for the $100,000 and advised him that we would not be in a position to consider any additional grants until that situation was squared away. The contracting officers were brought into that and the audit has been proceeding to the best of my knowledge and there has been no further award to that grantee.

We have had a multiple set of correspondence between us. As I recall, that is really a consortium of two or three school districts in the last several months.

Mr. Muirhead may want to add to that.

Mrs. GREEN. Could I at this point ask you, Dr. Ottina, to provide for us the total amount of money that has been given and what the taxpayers got for the $100,000 or whatever the ante went up to?

Dr. OTTINA. For that particular grantee?

Mrs. GREEN. Yes.

Dr. OTTINA. We will be pleased to do that.

[The information follows:]

Creighton School District

Total amount of grant	$100,000
Amount obligated to date	90,000

Balance of $10,000 awaiting final clearance.

ACTIVITIES

A contract was made with Motivation Systems, Inc. for training, implementation, and evaluation services to the total project. An implementation meeting was held with the Creighton School District superintendent and personnel and Motivations Systems administrative staff. Preparations were made for implementation of joint administration (five districts) orientation and training. A project complementation schedule was developed and all participating districts were informed of decisions and scheduling.

An implementation coordination meeting was held in Phoenix, Ariz., involving project coordinating office staff, district representatives, representatives of Arizona State Department of Education, Maricopa County Schools Accounting Department staff, and Motivation Systems, Inc., administrative staff. The purpose was budgetary reporting, project coordination, and cooperative planning. Responsibilities were outlined and clarified and a detailed implementation schedule was outlined for administrative and teacher training.

Motivation Systems, Inc. held meetings with project administrative personnel and district departmental representatives in each participating district in order to provide orientation as to project structure and implementation.

A joint meeting of project personnel from all districts was held for the purpose of making final arrangements for project coordination between the districts and the finalization of in-district reading specialists.

A joint training meeting was conducted for district administrators by Motivation Systems in Phoenix, Ariz., during which administrators received a thorough explanation of the curriculum materials to be used for the project, their theoretical basis, procedures for training, and procedures for classroom implementation.

Training sessions were held for project specialists and training staff. Group training sessions included demonstration lectures and discussion of activities designed to meet specified objectives. The purpose in addition to training was to familiarize community and school board representatives as well as project training staff with overall design and objectives of the project. Such training sessions were held in each of five participating districts. Motivations systems conducted training sessions for resource personnel and trainers in teacher training procedures and techniques. Such sessions were held in each of the five participating districts. Materials were supplied to administrators in each district for use of backup materials if additional personnel were assigned to participate in training sessions. Materials included criterion reading materials. Supply materials were provided for approximately 600 additional community and ancillary staff. Evaluation information indicates that the achievement of the training objectives has been evidenced by the capability of project administrators after training in presenting the program and its philosophies in their local districts. These administrators have carried out orientation meetings, explaining the curriculum and objectives of the project for members of their community, as well as their reading specialists and teachers. The successful achievement of this objective is evidenced by the ability of district administrators to obtain massive local support for the project.

Report submitted to the U.S. Office of Education include a final report and a final work statement of activities and expenditures for this project as required in the grant award document.

Mrs. GREEN. Has the audit been completed? I don't know whether the chairman wants this for the record, but would you supply a copy of that to me?

Dr. OTTINA. Yes.

Mrs. GREEN. I particularly want to know if he was successful in getting beyond the $100,000.

BASIS FOR TARGETING COLLEGE LIBRARY PROGRAM

In regard to the libraries, when that legislation was passed there was no provision that the Federal funds should be allocated on the basis of how many disadvantaged youngsters were being served by a university. By what authority was the policy changed? If you recall the report card that you sent out, they were to receive X number of points on the number of disadvantaged or X points on the basis of the number of black students who attended. I do not recall all items listed by which a college would receive points? By what authority was the policy changed?

Would you give me the basis for, or the rationale for changing this program from what Congress originally intended and to the way you have administered it in the last couple of years at least?

Mr. MUIRHEAD. Our rationale for seeking to direct the library funds to colleges that had a higher incidence of disadvantaged was based on the fact that we had this as an overriding priority in our budget.

Mrs. GREEN. Was that in the law or a philosophy that you developed at the Office of Education?

Mr. MUIRHEAD. Mrs. Green, I just must report to you that we would not carry out any policy that was contrary to the law. We consulted with our counsel, of course, and asked if this procedure was within both the legislation and the spirit of the law and received that assurance that that was the case. Our rationale was that the college library program, which basically provided $5,000 grants to colleges and universities, could be used to much better advantage if we could target those funds on colleges that needed the money more than others. Our counsel supported the position.

Mrs. **Green.** If I can interrupt, was that the law? It should be targeted to those colleges that needed the money more?

Mr. **Muirhead.** Well, our interpretation of it, supported by our counsel, was that the law would permit us to do that. I think it is fair to point out, Mrs. Green, as you will point out, that the Congress, in examining that policy, decided if you interpret the law that way then we better make some changes. The Congress did indeed make changes in the college library program, making it very specific that the $5,000 grant would go to all colleges and universities and could not be a target of funds on the disadvantaged.

VALUE OF MAINTAINING LIBRARY PROGRAMS

Mrs. **Green.** This particular dropping of the library resources disturbs me as much as anything in your budget, proposed budget for fiscal years 1973 and 1974.

Yesterday you talked about the importance of people learning to read. While I think we have previously discussed what illiterate means and what it does not mean. There is an old saying that the person who does not read is no better off than the person who cannot read. In my city I see libraries closed down or open for fewer hours because of lack of funds; it seems to me a very foolish way of approaching the problem of trying to make it possible for people in the country to read then give such a low priority to library resources that libraries are hampered in making books available.

Thank you, Mr. Chairman.

Mr. **Natcher.** Mr. Conte?

CHANGES CONCERNING CONTRACT AND GRANT ADMINISTRATION PROCEDURES IN THE OFFICE OF EDUCATION

Mr. **Conte.** Thank you, Mr. Chairman.

I was very intrigued by some of the questions propounded by Mrs. Green and I think the questions are of a serious nature.

I am very concerned about the matter Mrs. Green speaks of with regard to the PGIS and the support. I am especially concerned about the documentation involving Mr. X and Mr. Y. I have been here 14 years and never heard anything like this. I think, in all fairness, to the people involved, we should not tolerate the approach being taken today. I think we ought to have the people involved up before this subcommittee. I would like to see the documents and be able to question these people. This is a very serious charge. I think that if Mrs. Green knows the witness, or if the witnesses before us today know who she is speaking of, that person should be brought before this subcommittee so that we all have an opportunity to delve into this matter and ask questions.

If the program is that bad, it should be eliminated and cut from the budget. If they can substantiate it——

Mrs. Green. Would my colleagues yield?

Out of my congressional office for about 2 years we worked on OEO contracts and grants. For the last 2 years we have worked on OE contracts and grants. I guess it was a year ago, Dr. Ottina, you and Mr. Marland were in my office.

Dr. Ottina. A little longer than that.

Mrs. Green. A year and a half ago?

We discussed it rather frankly, and I think you and Mr. Marland both said in effect it was a mess. You were going to see that everything was changed; we discussed sole-source contracts. I pointed out at that time for 1967, 1968, 1969, by OE statements themselves that of all contracts and grants given 90 percent were sole source. You were going to change that and have a new system. In 1972 the indications are that 95 percent are sole source. You will find the OE supplied these statistics last year. I gave examples and I said to both Mr. Ottina and Mr. Marland, I have no desire to create headlines but I want the mess cleaned up. If I can have some assurance this is going to be done, that is all I want.

I cite these examples today because I think the situation is worse. I think that the examples that I gave skim the top. The thing that really disturbs me is that the needs in the elementary and secondary schools are so great that the schools are closing down early; they don't have enough money to keep the doors open. I say to you that it is my belief, that hundreds of millions of dollars have gone down the drain in OEO and OE through the contracts and grants badly administered.

As I said before, sometimes collusion; with 90 percent sole source you open the door wide for that and these are some indications of outright corruption. I want the money to go where it is needed.

Mr. Conte. I feel that the whole subcommittee should have the benefit of this. Certainly, if there is collusion and wrongdoing, we should go after it. I certainly would like to know a little more about this problem before I pass on this budget request. If these things exist, then let us go right to the heart of the matter and get rid of the waste.

LIBRARY CONSTRUCTION

I should like to turn now to libraries. In the libraries I throw that out for discussion. What is the basis for contention that the Federal support for library construction should be eliminated and that the States and localities should bear the complete financial burden for the construction of the public libraries?

Mr. Muirhead. Our rationale is that the budget that we are presenting to you, and with the resources that are available to us in building that budget, that library construction is not as high a priority as many of the other programs that we are asking your support for.

Mr. Conte. I disagree with you. How many applications are pending at the present time?

Mr. Hughes. We don't have the figure but we will supply it for the record.

[The information follows:]

PUBLIC LIBRARY CONSTRUCTION PROJECTS

Construction projects pending at State agencies

Estimated number, July 1, 1972	192
Estimated number to be funded in fiscal year 1973, from LSCA-II carryover	35
Estimated number pending at State level, end of fiscal year 1973	157

Mr. HUGHES. As you may know, the authorization of funds for construction has been discontinued so we are not encouraging applications for construction.

NUMBER OF PENDING LIBRARY CONSTRUCTION PROJECTS

Mr. CONTE. I am not asking that. I want to know the number of applications you have pending.

Mr. HUGHES. In fiscal year 1973, we estimate that the States will receive from the localities applications for about 192 construction projects.

Mr. CONTE. In existence?

Mr. HUGHES. In being, public library construction.

Mr. CONTE. How many applications?

Mr. HUGHES. We have an estimate, sir, that there is a need for— this is a need in terms of plans—for 800 projects in public library construction through 1977. During the fiscal year——

Mr. CONTE. How many applications?

Mr. HUGHES. We have no applications now.

Mr. CONTE. Is there a need for 800?

Mr. HUGHES. There is a——

Mr. CONTE. Are there 192 applications on the way?

Mr. HUGHES. The 800 is a projected need in terms of a 5-year period covering the fiscal years 1973 through 1977. It is a projection of what the local estimates need may be. I want to call your attention to the fact that under the general revenue-sharing funds that have been made available, beginning with calendar year 1972, there is a priority for libraries at the local level. Those funds are eligible for use in construction purposes. The information that we have indicates that there is use being made of that under revenue sharing.

Mr. CONTE. In the light of the proposed cutbacks in support for libraries, both at the elementary and secondary and the higher education level, what will the effect of the growth of libraries be?

Mr. HUGHES. I don't know that we conducted any studies on the projections of growth. I think we do know, sir, in terms of the per capita contributions, that the Federal dollars now in relation to total library expenditures, for the three main categories of library support are rather minimal.

For example, out of the national expenditure of $3.60 per person from all sources for public library support, per capita, or public library services, the Federal Government is contributing something on the order of 15 cents of that $3.60. I think that you can see from that, the Federal contribution, particularly expenditure, is a minimal one. In terms of its withdrawal, and the potential for placement, we have no data on that. You may draw your own conclusions as to the potential for replacement of those funds.

GENERAL REVENUE SHARING AVAILABLE FOR LIBRARY CONSTRUCTION

Mr. CONTE. Mr. Shriver was asking about general revenue sharing. Did you tell him how many libraries are being constructed out of general revenue sharing?

Mr. HUGHES. I don't have an exact figure on the number being constructed. We do have data from 32 States that show 95 localities have succeeded in getting pledges of general revenue-sharing funds from the calendar 1972 element. That totaled up to $7.8 million. Our general assessment is that somewhere around one-third to one-half of those funds are for construction.

LIBRARY SUPPORT UNDER EDUCATION REVENUE SHARING

Mr. Conte. How will libraries fit in the scheme of education revenue sharing?

Mr. MUIRHEAD. Libraries, particularly elementary and secondary school level, will fit into the scheme of education revenue sharing by being eligible for support under the tile I program, eligible for support of moneys made available under vocational education, and eligible——

Mr. CONTE. Will libraries be put in what is called a special service category?

Mr. MUIRHEAD. They will not be identified as one of the national concerns but they will be eligible for support under several of the national concerns that will be identified.

Mr. CONTE. What part of the education revenue sharing will be earmarked for special purposes?

Mr. MUIRHEAD. We don't have that information as yet because the special revenue-sharing legislation will not be presented until Monday, we think. We hope.

Mr. SMITH. Will the gentleman yield?

I understand that they have been showing it to certain Republicans around the Hill all week. Hasn't your shop been involved in that?

Mr. MUIRHEAD. I don't know the answer to that.

Mr. MILLER. The answer to the second part of the question is "Yes." The Office of Education has certainly been involved in it. I do not know——

Mr. SMITH. I assume Mr. Conte would be one of the first ones you would show it to.

Mr. MILLER. Mr. Smith, I do know that——

Mr. SMITH. If you are looking for influential Republicans to introduce it.

Mr. MILLER. Mr. Smith, I do not know as a matter of fact that if anyone has been consulted or seen anything, what they have seen is a preliminary proposal because the final decisions as to what the legislation will contain definitely have not been made. Certainly they can not have seen anything final.

Mr. **Conte**. If we follow the course of action you propose, what will happen to programs which are designed to reach smaller groups, such as the non-English-speaking, and other groups which have a special need, such as the elderly? Aren't these priorities part of the Library Services and Construction Act and of title I? What is going to happen to these people? Are they going to be left by the wayside?

Mr. **Muirhead**. We would expect that when the local education agency makes its decision as to how they want to utilize title I funds, that the provision of library services, high priority with them, then they will use those funds for that purpose.

Mr. **Conte**. That is all.

Mr. **Natcher**. Mr. Robinson?

Mr. **Robinson**. Thank you, Mr. Chairman.

MISUSE OF THE TERM "CATALYTIC"

The correspondence that I have had with people in Virginia indicates that the Virginia State Library Development Branch received in fiscal year 1973, $638,298 in Federal funds. With regard to regional libraries in Virginia, the amount of Federal aid was $179,325. With regard to Federal aid to county libraries, it was $130,393. With regard to city libraries it was $247,880.

Yet, on page 140 of your justifications you refer to the fact that the money that the Federal Government has supplied is catalytic in its action.

I don't believe you know what a catalyst is. A catalyst is an agent that is part of a reaction that takes place but which does not have a part in the reaction at all. Are you inferring that this money that has been poured into these local libraries is catalytic in that it has no effect?

You can't tell one dollar from another dollar, and these dollars I can assure you are going to be severely missed and they are not catalytic in any way, shape, or form. The term is misused.

"Incentive" might be something that could be applied. "Catalytic" is absolutely improper.

Mr. **Muirhead**. I think your point is very well taken and we probably should have used a more descriptive word.

CUTS IN SCHOOL LIBRARY FUNDS FOR 1973

Mr. **Robinson**. I also have numerous letters, a few of which I have on hand here, from the county public school divisions that I represent referring to mainly cuts in the title II program and I will just quote from one of them:

> Dear Sir: We have been notified that President Nixon has impounded title II funds for 1973 and plans to cut them for 1974. We want to prevail upon you to see that these funds are neither impounded nor cut. Our libraries and schools benefit substantially from the title II allotment given us annually. Each year we purchase much needed reference and audio-visual materials, i.e., encyclopedias, film strips, slides, books, and so forth. We use the funds to supplement our collection of quality books and materials normally beyond our price range or for which there are not sufficient local funds to keep abreast of increasing student enrollment and demand. This need becomes more crucial each year.
>
> We trust that you will do all in your power to make sure that title II funds are released immediately.

How do I reply to a letter like that?

Mr. MUIRHEAD. We cannot give you the answer as to when additional funds will be released for 1973 because that is dependent upon the interpretation of the continuing resolution but hopefully you will get information that will provide an answer as to when the funds will be available for the remainder of 1973.

Dr. OTTINA. The second part, if I may just add, is that no funds for title II are impounded. They have been released under the continuing resolution up until the 28th of February. They will continue to be released as soon as the interpretation of the continuing resolution which is now in effect can be made available to us.

Mr. MILLER. Let me make that even more specific in terms of numbers. The spending plan for HEW has been at the lower of the 1972 regular President's budget which for title II is $90 million and that is the rate at which we have been spending on an annual basis, issuing quarterly allocations.

The lower of the House or Senate allowance as of July 1 was $100 million, so the question on the spending plan is only that difference of $10 million, but we have not been impounding funds. We have been spending at the level of $90 million. So we are talking about a potential difference of $10 million as to where we end up.

Mr. ROBINSON. Can you give me any idea as to a date when these people are going to have a final answer with respect to the amount that they are going to be receiving.

Mr. MILLER. I indicated to Mr. Michel, I believe last Friday, that we were about a week away, which is today, and obviously I was optimistic. I guess I would have to estimate another week.

Mr. MUIRHEAD. With regard to the second part of your question, Mr. Robinson, as to how you can reply on the program for next year, we, if we were replying to the letter, would point out that assistance for libraries, school libraries particularly, would be available under special revenue sharing, and we are hopeful that that will be enacted and funded for use in the schools next year.

Mr. ROBINSON. This is the way you would reply?

Mr. MUIRHEAD. That is right and that is the only way I can reply to you, sir.

COMPLETE TERMINATION OF FEDERAL SUPPORT FOR LIBRARIES

Mr. ROBINSON. My impression is that the library programs represent the only substantial area in the education-related sector of the budget with respect to which a complete and absolute termination of Federal support is proposed.

Is that correct?

Mr. MUIRHEAD. We have a number of other programs for which there will be no support next year, one of them being the foreign language and area centers programs, and others from the EPDA—the Education Professions Development Act.

There are a number of those programs which will not be supported next year so that the question as to whether or not this is the only program that is being completely terminated next year is wrong.

Mr. ROBINSON. I said the only program in a substantial area in the educational related sector.

Now, this is a substantial area in the education-related sector in my view, much more substantial than the examples which you have just quoted, sir, both in terms of the amount of money involved and the impact on the institutions and communities of this country.

Wouldn't you agree with that?

Mr. **Muirhead.** I would agree depending on how you would interpret "substantial area." We are remembering, for example, next year a very substantial reduction in the impact area program and we are terminating in the impact area program support for——

Mr. **Robinson.** You are not terminating all of them though.

Mr. **Muirhead.** We are terminating support for a certain classification of students and that is substantial.

Mr. **Robinson.** But you are terminating this library resources program completely and absolutely down to the last dime if your recommendations are followed.

Mr. **Muirhead.** That is right.

Mr. **Robinson.** And I state again in my view it is the only substantial area in the education-related field where such is the case. I don't believe that there is much argument about it.

Mr. **Miller.** Mr. Robinson, I guess if you make the point that sharply, I would have to note that the recommendation not to fund the B children under impacted area aid, is a much more pervasive recommendation because there are many school districts who have nothing other than B children, so that those districts will be zeroed out of impacted aid.

I think that is the most significant elimination in the area of education in the budget, more so dollar-wise and impact-wise than the library one.

EFFECTS OF LIBRARY REDUCTION ON OE PERSONNEL

Mr. **Robinson.** Your comment will be part of the record. I would like to know, since we have four people here as backup folks today with regard to the library resources system, what is going to happen to them if you kill this program?

Mr. **Hughes.** If I may give at least a partial answer, sir, we have estimated that the continuation of activity that will have to take place during the fiscal year 1974, that is, the carrying on of activities for the administration of funds that will be granted this year, will involve and entail a certain man-year investment in fiscal year 1974 regardless of the termination.

We have estimated of the 50 positions that are now available for library activities in the Office of Education, there are approximately 30 of those positions that would carry on for a good part of the fiscal year next year, so in effect there will be a carryover staff come July 1 in any event.

In terms of the fate of individuals, I think it is safe to say that the personnel processes of the Office of Education will enable us to make effective placements of all the people. It so happens that, while the library staff is small, it is a very highly qualified staff. Some of the best people in the Office of Education are among that 50.

I have no doubt that all of those 50 people will be well placed before the process is completed next year.

Mr. **Robinson**. The point being, although we are eliminating the program, we are not going to be eliminating people from the payroll.

Dr. **Ottina**. We are using them in other areas.

Mr. **Robinson**. Correct, but it does not result in any net loss in personnel as far as HEW is concerned, as you view the situation at the moment.

Mr. **Hughes**. There will be a cut in positions.

STAFF ASSOCIATED WITH CATEGORICAL PROGRAMS

Mr. **Conte**. The first day Secretary Weinberger was here I asked the same question. I asked him in view of the fact you are doing away with 37 categorical grants and lumping them into one, how many employees are you going to cut out of the system, and they claim that they show in the budget there are 2,000; right?

Mr. **Muirhead**. Yes. I don't know the overall figures——

Mr. **Conte**. Do you know that?

Mr. **Miller**. I don't recognize the figure 2,000. There is a net decrease in employment for the Office of Education in fiscal year 1974 which is specifically related to the reduction or elimination of education programs.

The 2,000 may have been Department-wide. If you were referring to education revenue sharing, though, I am certain that the figure would be less. Dr. Ottina may have what the net reduction in the Office of Education is.

Dr. **Ottina**. We entered that figure in the record last time. That line of questioning was brought up and my recollection is about 350 people.

Mr. **Conte**. Not very much. How many people are now employed and handle whatever it is, 37 categorical grants, that you are going to do away with?

Dr. **Ottina**. We have in the justification tables an itemization of every single program, Mr. Conte, and we show against each program that is being included in the educational revenue sharing at the end of the year no personnel for it, so that you will, as you go through the table, find the specific——

Mr. **Conte**. Can't you give me a lump sum total of employees handling 37 categorical grants?

Dr. **Ottina**. It is roughly 550.

Mr. **Conte**. And you are showing here that you are going to decrease it by 350?

Dr. **Ottina**. Yes.

Mr. **Miller**. I have my table now. The net reduction for the Education Division, which includes the National Institute of Education and the Office of Education in Dr. Marland's office, is over 300, but that also includes employees transferred from OEO.

The net reduction from the Department is 3,000, but here again that includes in the figure for 1974 transfers from OEO, so that the comparative reduction is considerably larger.

Dr. **Ottina**. You recognize that we do have some new programs that we are staffing for the first time that we do not presently have on board staff and will increase. Seven of the staff we are talking about will be moved as in the case Mr. Hughes pointed out, released to new programs.

Mr. OBEY. Would the gentleman yield on that point?

Mr. ROBINSON. Yes.

Mr. OBEY. I just want to make sure I heard. How many people did you say were administering the categorical programs now in the Office of Education?

Dr. OTTINA. My estimate is about 550. It is a number that is easily derived and we will derive it from the book itself. The book itself, the justification, shows program by program how many people we are manning it by.

EFFECTS OF REVENUE SHARING ON STATE AND LOCAL PERSONNEL

Mr. OBEY. Assuming your revenue sharing plan passes in toto, do you have any estimates as to the increased number of people who would have to be hired on a local and State basis around the country?

Dr. OTTINA. No. As a matter of fact, we don't believe there would be any increases at all. If anything, we feel there might even be substantial decreases because we would eliminate some of the work they presently have to do in reporting and tracking many different categorical programs to us.

Mr. OBEY. I get some different indications from two or three people who have written me around the country. I would just like to know if you could insert in the record your estimate of what the net reduction in fact will be under your interpretation because I am writing the 50 State officers and I am trying to get their estimates as to what the situation would be and I think those two estimates differ markedly.

[The information follows:]

SAVINGS RESULTING FROM CONSOLIDATION OF EDUCATION PROGRAMS AT THE STATE LEVEL UNDER THE BETTER SCHOOLS ACT OF 1973

With the elimination of annual development and modification of State plans for each individual program and the tracking and reporting of the various categorical programs, it would appear that States would be able to substantially reduce their staffs for these particular activities. Overall it could be anticipated that there would be a staff reduction or reassignment to other functions of from 5 to 10 percent.

FURTHER DISCUSSION OF GRANT AND CONTRACT PROCEDURES

Mr. ROBINSON. In closing, Mr. Chairman, I would just like to say that I subscribe very thoroughly to the comments of the gentleman from Massachusetts with respect to the fact that this committee would be remiss if we did not inquire much more fully into the area of inquiry which Mrs. Green's comments indicate that we should.

Dr. OTTINA. Mr. Natcher, may I make a statement. I have been sitting here very silently because I have some very difficult problems which are very hard to air in a public place such as this.

As I have spoken with Mrs. Green many times, I don't believe that we have had any differences of opinion as to the fact that there is a situation which needs remedied, and I believe that she will corroborate that I have said so to her many times and agree with her.

Mrs. GREEN. That is true.

Dr. OTTINA. The point of disagreement that we seem to have this morning is that some changes have occurred. Some things have happened. I do not mean that to reflect that I am content with where they stand today, far from it. There is still a long, long way to go. The course of the last year and a half, however, though, has seen, I believe, marked improvement in many areas and certainly a great deal more attention to some of the things she has been concerned with and I, too, have been concerned with, and I think that you will find in your conversations with us when we may have those that we have taken positive steps, some of which have been successful, some of which have not, quite frankly, and some of these steps have resulted in investigations in which individuals have now been identified and the Federal Bureau of Investigation is involved in more than one of such, so that all in all what I am trying to say is we agree in that things are not what they should be but we seem to disagree that there hasn't been some progress made to rectifying the situation.

Mr. NATCHER. Mr. Michel.

Mr. MICHEL. Thank you, Mr. Chairman.

AUTHORIZATIONS FOR LIBRARY PROGRAMS

I will be very brief so we can move on here, but just to wrap up this, of course, being an Appropriations Committee hearing, under normal conditions we would expect the witnesses to be asking us for a certain measure of money. I haven't seen one figure in here requested and then the question immediately comes in mind, why have the hearing?

If you were here at all requesting any money it would be under what authority? There is a statute still on the books, is there not? Does it expire? I don't know that we have had that displayed here in the record.

Mr. MUIRHEAD. The statutes supporting the three library programs remain on the books. The statute in support of ESEA title II for the school libraries will, of course, be folded into special revenue sharing if that is enacted, but as of today the authorizing language is there for all the programs.

Mr. MICHEL. Into fiscal year 1974; right?

Mr. MUIRHEAD. Yes, sir.

Mr. MICHEL. That runs through June 30 of 1974.

STATE AND LOCAL SUPPORT FOR LIBRARIES

I expressed some feelings in the hearings before with respect to the Federal obligation here, particularly with regard to the blind and the handicapped. We might agree in part on the assumption you put forth here that the State and local communities are now in better shape to do some of these things that we have been doing at the Federal level. They do a lot with respect to the blind and physically handicapped, but it is not hard for me to rationalize and say that this is really more of a Federal responsibility in that category than it is the responsibility of the States and local communities. So, is there anything at all that we can say to these people that they are not going to be forgotten, that we are not ignoring them?

I am sure we are going to be getting some flak on the floor with respect to these people.

Mr. HUGHES. Mr. Michel, before you came in I did give some figures about the extent to which we have succeeded under the LSCA program; that is, the Federal aid to State and local public libraries, to encourage the States to gear their programs, to target them, to special groups.

Mr. MICHEL. As I recall, was it the Library Services Act of 1972, as amended, that really required that these States maintain their current level?

Mr. HUGHES. That is right.

Mr. MICHEL. Which gave assurance to those of us who might have thought, well, they just completely back off——

Mr. HUGHES. Right.

Mr. MICHEL. But now what handle do we have at the Federal level, if we don't fund anything through these programs, to still require the States and local communities to do that?

Mr. HUGHES. Well, I think one of the things we have done, and I am glad to report the success of this effort during fiscal year 1972, is to encourage the States to use a greater proportion of their funds for those things we call special projects and to reach those special target populations that you mention.

As you have already alluded, the act does require that handicapped and institutionalized persons be supported at the same level that they were supported by the States during fiscal year 1971.

What we were able to do with the amendments of 1970, which affected us in fiscal year 1972, was to encourage the States to use their funds more effectively in reaching these special groups.

We did find, for example, in 1972 that the States did use 46 percent of their funds for special projects, national priority projects as we call them.

Of that, 44½ percent were special projects reaching these special groups such as the handicapped, the State institutionalized, the disadvantaged, the aged and so forth.

Mr. MICHEL. Is that a maintenance of effort, an increase?

Mr. HUGHES. It is an increase. The contrasting figure of 1971 is that 22 percent of the funds was spent in that same category. In other words, there has been a marked increase in 1972 in these groups. What we do hope, Mr. Michel, is that the incentive, as Mr. Robinson well called it, that we have established here in terms of the use of these funds will be maintained by the States.

Incidentally, the services in Peoria are an excellent example of the kinds of things that are done. The community project library serving the two major public housing projects in Peoria is an excellent example of the kind of activities that should be continued. We would expect that, for example, the availability of the general revenue sharing funds is one way in which that might occur.

Mr. MICHEL. Last year I asked that you update a table that was placed in the record the year before and my reason for asking for that at the time—it probably was just as well expressed here today—was because it does show an increase in contribution and effort on the part of the State and local communities for the last number of years.

Mr. HUGHES. That is true.

Mr. MICHEL. There was a little dip in there but if I go back to 1965 I see in both construction and library resources and services the Federal

Government was contributing $54 million and the State and local communities $143 million.

Then it went up to $173 million on the part of State and local communities, $177 million, $178 million, then $214 million, and we are at that level today, as against a $55 million figure at the Federal level. So I think it does show over an extended period of years here that the State and local communities have recognized their problem and have done more, because today the total figure, as of that table of last year, 1972, is $269 million as against $197 million total in 1966.

AVAILABILITY OF GENERAL REVENUE SHARING

Again I say I didn't support general revenue sharing, but since it is on the books I have told our local communities they have an opportunity here at the local level and at the State level to get in, in the library area, for these funds and, of course, if education special revenue sharing is enacted, as you have indicated there are little parts and pieces here where they might very well come in for another piece of the action. So I think there are arguments on your side, but you also have to take into account, I think, the arguments that have been expressed on this side of the table. Since we have categorized these things in the past to make absolutely sure that we weren't short changing some of these people, we would like to be given some kind of assurance that there will still be that maintenance or increase of effort through any new programs that might be enacted or administered by your shop.

Mr. **Hughes**. You mentioned general revenue sharing and I call attention to the fact that the local general revenue sharing does assign priorities to libraries. At the State level, however, there is no such priority so there is a different problem at the State level.

Mr. **Michel**. There again the people have just as much right to bring pressure upon those State legislatures and since we have to take the darn heat for raising the money, I have no qualms about encouraging people to go to their State legislatures, saying, "By golly, you got that free dough," so called, "now you determine where the priorities ought to be in the State and local communities. You have been asking for that responsibility. You tell how important you are. Now you make those decisions and we are giving you the resources and the money to spend it more wisely in the local community."

Mr. **Hughes**. I am grateful you put that in the record.

EFFORTS TO IMPROVE CONTRACTING PROCEDURES

Mrs. **Green**. Mr. Chairman, may I be recognized for just a couple minutes to respond to Mr. Ottina.

Mr. **Natcher**. Yes; go right ahead, Mrs. Green.

Mrs. **Green**. I just wanted to say what Mr. Ottina said is true. I really was given every reason to believe that there were intentions of changing the system at OE and HEW and I was encouraged by it. Every instance and every example I cited during these hearings has occurred in the year 1972 and most of them in the last half of the year 1972.

I have innumerable examples if the committee is really interested in them, but here is one where Mr. X of the Commissioner's office was very unhappy because the Commissioner was unhappy because a contract officer was so audacious as to follow regulations and refer a particular request to the Sole Source Board:

> That to refer this proposed contract to the Sole Source Board would be to make a mockery of the Sole Source Board since the Commissioner was determined that the award be made regardless.

Involved was a $75,000 contract to a profitmaker for development of a bilingual mathematics curriculum.

This person who writes felt his integrity was at stake and he replied:

> Rather, I think this was a mockery of HEW and OE procurement regulations. I verified that my contracting officer had referred this action to the Sole Source Board and I countermanded that direction. He refused to sign the contract and I finally signed it.

He objected to being placed under such pressure.

This is the part, Mr. Chairman, that really disturbs me. These particular contracts, and we have others, have occurred not 5 years ago, but within the last 12 months, some of them within the last 6 months.

Thank you.

Mr. NATCHER. We want to thank you ladies and gentlemen for your presentation for the library resources proposal for fiscal year 1974.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Library Resources

Amounts Available for Obligation

	1973	1974
Appropriation	$137,730,000	$ ---
Unobligated balance, start of year	3,343,714	604,751
Unobligated balance, end of year	-604,751	-604,751
Total, obligations	140,468,963	---

Obligations by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
	Public libraries:			
	(a) Services:			
152	(1) Grants for library services.	$ 30,000,000	---	$-30,000,000
154	(2) Interlibrary cooperation....	2,730,000	---	-2,730,000
	Subtotal...................	32,730,000	---	-32,730,000
155	(b) Construction....................	2,738,963	---	-2,738,963
156	School library resources............	90,000,000	---	-90,000,000
157	College libraries...................	15,000,000	---	-15,000,000
	Total obligations.........................	140,468,963	---	-140,468,963

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Full-time equivalent of all other positions..............................	1	---	-1
Average number of all employees..........	1	---	-1
Personnel compensation:			
Positions other than permanent.........	$ 6,000	---	$ -6,000
Personnel benefits......................	1,000	---	-1,000
Travel and transportation of persons.....	7,000	---	-7,000
Grants, subsidies and contributions......	140,454,963	---	-140,454,963
Total obligations by object.........	140,468,963	---	-140,468,963

Summary of Changes

1973 estimated obligations	$140,468,963
1974 estimated obligations	---
Net change	-140,468,963

	Base	Change from Base
Decreases:		
1. Public libraries:		
(a) Services:		
(1) Grants for library services	$ 30,000,000	$-30,000,000
(2) Interlibrary cooperation	2,730,000	-2,730,000
(b) Construction	2,738,963	-2,738,963
2. School library resources	90,000,000	-90,000,000
3. College libraries	15,000,000	-15,000,000
4. Undergraduate instructional equipment	---	---
Total	140,468,963	-140,468,963

Explanation of Changes

Decreases:

1. Public libraries:

(a) Services:

(1) Grants for library services.--This program is being terminated in 1974. Federal support has accomplished the role of catalyst on State and local funding for public libraries.

(2) Interlibrary cooperation.--This program is being terminated in 1974. Federal support has accomplished the role of catalyst on State and local funding for public libraries.

(b) Construction.--This program is being terminated in [illegible] support has accomplished the role of catalyst on State and local [illegible] the public libraries.

2. School library resources.--This program is being terminated in 1974. The individual grants within States are so minimal that the resources are dissipated with no significant program impact.

3. College libraries.--This program is being terminated in 1974. Basically, this program is counter to the Administration's policy of putting higher education dollars on students rather than institutions.

4. Undergraduate instructional equipment.--This program is being terminated in 1973. Equipment programs are considered low priority, further reflecting the shift in higher education priorities away from categorical institutional assistance and toward student assistance.

Authorizing Legislation

Legislation	1974	
	Authorized	Appropriation requested
Library Services and Construction Act:		
Title I - Public Library Services Section 4(a)(1)	$123,500,000	---
Title II - Public Library Construction, Section 4(a)(2)	88,000,000	---
Title III - Interlibrary Cooperation, Section 4(a)(3)	16,500,000	---
Elementary and Secondary Education Act:		
Title II - School Library Resources, Section 201	220,000,000	---
Higher Education Act:		
Title II - College Library Assistance,		
Section 201--College Library Resources	59,500,000	---
Section 221--Library Training and Research	25,500,000	---
Title VI - Undergraduate Instructional Equipment, Section 601	70,000,000	---

The Library Services and Construction Act

(P.L. 91-600, 91st Congress)

"AUTHORIZATIONS OF APPROPRIATIONS

"SEC. 4. (a) For the purpose of carrying out the provisions of this Act the following sums are authorized to be appropriated:

TITLE I—PUBLIC LIBRARY SERVICES

AUTHORIZATION OF APPROPRIATIONS

"(1) For the purpose of making grants to States for library services as provided in title I, there are authorized to be appropriated $112,000,000 for the fiscal year ending June 30, 1972, $117,600,000 for the fiscal year ending June 30, 1973, $123,500,000 for the fiscal year ending June 30, 1974, $129,675,000 for the fiscal year ending June 30, 1975, and $137,150,000 for the fiscal year ending June 30, 1976.

TITLE II—PUBLIC LIBRARY CONSTRUCTION

AUTHORIZATION OF APPROPRIATIONS

"(2) For the purpose of making grants to States for public library construction, as provided in title II, there are authorized to be appropriated $80,000,000 for the fiscal year ending June 30, 1972, $84,000,000 for the fiscal year ending June 30, 1973, $88,000,000 for the fiscal year ending June 30, 1974, $92,500,000 for the fiscal year ending June 30, 1975, and $97,000,000 for the fiscal year ending June 30, 1976.

TITLE III—INTERLIBRARY COOPERATION

AUTHORIZATION OF APPROPRIATIONS

"(3) For the purpose of making grants to States to enable them to carry out interlibrary cooperation programs authorized by title III, there are hereby authorized to be appropriated $15,000,000 for the fiscal year ending June 30, 1972, $15,750,000 for the fiscal year ending June 30, 1973, $16,500,000 for the fiscal year ending June 30, 1974, $17,300,000 for the fiscal year ending June 30, 1975, and $18,200,000 for the fiscal year ending June 30, 1976.

Sec. 4.

"(b) Notwithstanding any other provision of law, unless enacted in express limitation of the provisions of this subsection, any sums appropriated pursuant to subsection (a) shall (1), in the case of sums appropriated pursuant to paragraphs (1) and (3) thereof, be available for obligation and expenditure for the period of time specified in the Act making such appropriation, and (2), in the case of sums appropriated pursuant to paragraph (2) thereof, subject to regulations of the Commissioner promulgated in carrying out the provisions of section 5(b), be available for obligation and expenditure for the year specified in the Appropriation Act and for the next succeeding year.

Higher Education Act of 1965

(P.L. 89-329)

TITLE II—COLLEGE LIBRARY ASSISTANCE AND LIBRARY TRAINING AND RESEARCH

COLLEGE LIBRARY PROGRAMS; TRAINING; RESEARCH

Sec. 201. (a) The Commissioner shall carry out a program of financial assistance—

(1) to assist and encourage institutions of higher education in the acquisition of library resources, including law library resources, in accordance with part A; and

(2) to assist with and encourage research and training persons in librarianship, including law librarianship, in accordance with part B.

(b) For the purpose of making grants under parts A and B, there are authorized to be appropriated $75,000,000 for the fiscal year ending June 30, 1973, $85,000,000 for the fiscal year ending June 30, 1974, and $100,000,000 for the fiscal year ending June 30, 1975. Of the sums appropriated pursuant to the preceding sentence for any fiscal year, 70 per centum shall be used for the purposes of part A and 30 per centum shall be used for the purposes of part B, except that the amount available for the purposes of part B for any fiscal year shall not be less than the amount appropriated for such purposes for the fiscal year ending June 30, 1972.

(c) For the purposes of this title—

(1) the term "library resources" means books, periodicals, documents, magnetic tapes, phonograph records, audiovisual materials, and other related library materials, including necessary binding; and

(2) the term "librarianship" means the principles and practices of the library and information sciences, including the acquisition, organization, storage, retrieval and dissemination of information, and reference and research use of library and information resources.

PART A—COLLEGE LIBRARY RESOURCES

BASIC GRANTS

SEC. 202. From the amount available for grants under this part pursuant to section 201 for any fiscal year, the Commissioner shall make basic grants for the purposes set forth in section 201(a)(1) to institutions of higher education, to combinations of such institutions, to new institutions of higher education in the fiscal year preceding the fiscal year in which students are to be enrolled (in accordance with criteria prescribed by regulation), and other public and private nonprofit library institutions whose primary function is to provide library and information services to institutions of higher education on a formal, cooperative basis. The amount of a basic grant shall, for any fiscal year, be equal to the amount expended by the applicant for library resources during that year from funds other than funds received under this part, except that no basic grant shall exceed $5,000 for each such institution of higher education and each branch of such institution which is located in a community different from that in which its parent institution is located, as determined in accordance with regulations of the Commissioner, and a basic grant under this subsection may be made only if the application therefor is approved by the Commissioner upon his determination that the application (whether by an individual institution or a combination of institutions)—

(1) provides satisfactory assurance that the applicant will expend during the fiscal year for which the basic grant is sought, from funds other than funds received under this part—

(A) for all library purposes (exclusive of construction), an amount not less than the average annual amount it expended for such purposes during the two fiscal years preceding the fiscal year for which assistance is sought under this part, and

(B) for library resources, an amount not less than the average amount it expended for such resources during the two fiscal years preceding the fiscal year for which assistance is sought under this part,

except that, if the Commissioner determines, in accordance with regulations, that there are special and unusual circumstances which prevent the applicant from making the assurances required by this clause (1), he may waive that requirement for one or both of such assurances;

(2) provides for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this section; and

(3) provides for making such reports, in such form and containing such information, as the Commissioner may require to carry out his functions under this section, and for keeping such records and for affording such access thereto as the Commissioner may find necessary to assure the correctness and verification of such reports.

SUPPLEMENTAL GRANTS

SEC. 203. (a) From that part of the sums appropriated pursuant to
section 201 for the purposes of this part for any fiscal year which
remains after making basic grants pursuant to section 202, and which
is not reserved for the purposes of section 204, the Commissioner shall
make supplemental grants for the purposes set forth in section 201(a)
(1) to institutions of higher education (and to each branch of such
institution which is located in a community different from that in
which its parent institution is located, as determined in accordance
with regulations of the Commissioner) and combinations of such insti-
tutions. The amount of a supplemental grant shall, for any fiscal year,
be equal to the amount expended by the applicant for library resources
during that year from funds other than funds received under this
part, except that no basic grant shall exceed $20 for each full-time
student (including the full-time equivalent of the number of part-
time students) enrolled in each such institution (or branch), as deter-
mined pursuant to regulations of the Commissioner. A supplemental
grant may be made only upon application therefor, in such form and
containing such information as the Commissioner may require, which
application shall—

(1) meet the application requirements set forth in section 202;
(2) describe the size and quality of the library resources of the
applicant in relation to its present enrollment and any expected
increase in its enrollment;

(3) set forth any special circumstances which are impeding or
will impede the proper development of its library resources; and
(4) provide a general description of how a supplemental grant
would be used to improve the size or quality of its library
resources.

(b) The Commissioner shall approve applications for supplemental
grants on the basis of basic criteria prescribed in regulations and
developed after consultation with the Council created under section
205. Such basic criteria shall be such as will best tend to achieve the
objectives of this part and they (1) may take into consideration factors
such as the size and age of the library collection and student enroll-
ment, and (2) shall give priority to institutions in need of financial
assistance for library purposes.

SPECIAL PURPOSE GRANTS

Sec. 204. (a)(1) From the sums appropriated pursuant to section 201 for the purposes of this part for any fiscal year, the Commissioner is authorized to reserve not to exceed 25 per centum thereof for the purposes of this section.

(2) Sums received pursuant to paragraph (1) may be used to make special grants (A) to institutions of higher education (or to branches of such institutions which are located in a community different from that in which the parent institution is located, as determined in accordance with regulations of the Commissioner) which demonstrate a special need for additional library resources and which demonstrate that such additional library resources will make a substantial contribution to the quality of their educational resources, (B) to institutions of higher education (or to such branches) to meet special national or regional needs in the library and information sciences, (C) to combinations of institutions of higher education which need special assistance in establishing and strengthening joint-use facilities. Grants under this section may be used only for books, periodicals, documents, magnetic tapes, phonograph records, audiovisual materials, and other related library materials (including necessary binding), and (D) to other public and private nonprofit library institutions which provide library and information services to institutions of higher education on a formal, cooperative basis.

(b) Grants pursuant to paragraph (2) shall be made upon application providing satisfactory assurance that (1) the applicant (or applicants jointly in the case of a combination of institutions) will expend during the fiscal year for which the grant is requested (from funds other than funds received under this part) for the same purpose as such grant an amount from such other sources equal to not less than 33⅓ per centum of such grant, and (2) in addition each such applicant will expend during such fiscal year (from such other sources) for all library purposes (exclusive of construction) an amount not less than the average annual amount it expended for such purposes during the two-year period ending June 30, 1965, or during the two fiscal years preceding the fiscal year for which the grant is requested, whichever is less.

ADVISORY COUNCIL ON COLLEGE LIBRARY RESOURCES

Sec. 205. (a) The Commisioner shall establish in the Office of Education an Advisory Council on College Library Resources consisting of the Commissioner, who shall be Chairman, and eight members appointed, without regard to the civil service laws, by the Commissioner with the approval of the Secretary.

(b) The Advisory Council shall advise the Commissioner with respect to establishing criteria for the making of supplemental grants under section 203 and the making of special purpose grants under section 204. The Commissioner may appoint such special advisory and technical experts and consultants as may be useful in carrying out the functions of the Advisory Council.

ACCREDITATION REQUIREMENT FOR PURPOSES OF THIS PART

Sec. 206. For the purposes of this part, an educational institution shall be deemed to have been accredited by a nationaly recognized accrediting agency or association if the Commissioner determines that there is satisfactory assurance that upon acquisition of the library resources with respect to which assistance under this part is sought, or upon acquisition of those resources and other library resources planned to be acquired within a reasonable time, the institution will meet the accreditation standards of such agency or association.

SEC. 207. No grant may be made under this part for books, periodicals, documents, or other related materials to be used for sectarian instruction or religious worship, or primarily in connection with any part of the program of a school or department of divinity.

CONSULTATION WITH STATE AGENCY

SEC. 208. Each institution of higher education which receives a grant under this part shall periodicaly inform the State agency (if any) concerned with the educational activities of all institutions of higher education in the State in which such institution is located, of its activities under this part.

PART B—LIBRARY TRAINING AND RESEARCH

TRAINING AND RESEARCH PROGRAMS

SEC. 221. From the amount available for grants under this part pursuant to section 201 for any fiscal year, the Commissioner shall carry out a program of making grants in accordance with sections 222 and 223. Of such amount, 66⅔ per centum shall be available for the purposes of section 222 and 33⅓ per centum shall be available for the purposes of section 223.

SEC. 222. (a) The Commissioner is authorized to make grants to institutions of higher education and library organizations or agencies to assist them in training persons in librarianship. Such grants may be used by such institutions, library organizations or agencies (1) to assist in covering the cost of courses of training or study (including short term or regular session institutes) for such persons, (2) for establishing and maintaining fellowships or traineeships with stipends (including allowances for traveling, subsistence, and other expenses) for fellows and others undergoing training and their dependents, not in excess of such maximum amounts as may be prescribed by the Commissioner, and (3) for establishing, developing, or expanding programs of library and information science. Not less than 50 per centum of the grants made under this subsection shall be for the purpose of establishing and maintaining fellowships or traineeships under clause (2).

(b) The Commissioner may make a grant to an institution of higher education and library organizations or agencies only upon application by the institution and only upon his finding that such program will substantially further the objective of increasing the opportunities throughout the Nation for training in librarianship.

RESEARCH AND DEMONSTRATIONS RELATING TO LIBRARIES AND THE TRAINING OF LIBRARY PERSONNEL

SEC. 223. (a) The Commissioner is authorized to make grants to institutions of higher education and other public or private agencies, institutions, and organizations, for research and demonstration projects relating to the improvement of libraries or the improvement of training in librarianship, including the development of new techniques, systems, and equipment for processing, storing, and distributing information, and for the dissemination of information derived from such research and demonstrations, and, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5), to provide by contracts with them for the conduct of such activities; except that no such grant may be made to a private agency, organization, or institution other than a nonprofit one.

(b) The Commissioner is authorized to appoint a special advisory committee of not more than nine members to advise him on matters of general policy concerning research and demonstration projects relating to the improvement of libraries and the improvement of training in librarianship, or concerning special services necessary thereto or special problems involved therein.

TITLE VI—FINANCIAL ASSISTANCE FOR THE IMPROVEMENT OF UNDERGRADUATE INSTRUCTION

PART A—EQUIPMENT

STATEMENT OF PURPOSE AND AUTHORIZATION OF APPROPRIATIONS

SEC. 601. (a) The purpose of this part is to improve the quality of classroom instruction in selected subject areas in institutions of higher education.

(b) There are hereby authorized to be apropriated $35,000,000 for the fiscal year ending June 30, 1966, $50,000,000 for the fiscal year ending June 30, 1967, $60,000,000 for the fiscal year ending June 30, 1968, $13,000,000 for the fiscal year ending June 30, 1969, and $60,000,000 for each of the succeeding fiscal years ending prior to July 1, 1975, to enable the Commissioner to make grants to institutions of higher education and combinations of institutions of higher education pursuant to this part for the acquisition of equipment and for minor remodeling described in section 603(2)(A).

(c) There are also authorized to be appropriated $2,500,000 for the fiscal year ending June 30, 1966, $10,000,000 for the fiscal year ending June 30, 1967, and for the succeeding fiscal year, $1,500,000 for the fiscal year ending June 30, 1969, and $10,000,000 for each of the succeeding fiscal years ending prior to July 1, 1975, to enable the Commissioner to make grants to institutions of higher education and combinations of institutions of higher education pursuant to this part for the acquisition of television equipment and for minor remodeling described in secton 603(2)(B).

Library Resources

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000
1965	55,000,000	55,000,000	55,000,000	55,000,000
1966	213,500,000	181,000,000	181,000,000	181,000,000
1967	209,300,000	227,800,000	204,100,000	224,800,000
1968	224,300,000	223,757,000	223,757,000	208,765,000
1969	147,194,000	99,894,000	161,194,000	150,644,000
1970	39,709,000	118,565,000	149,815,000	101,753,000
1971	131,430,000	141,680,000	175,565,000	150,772,000
1972	107,250,000	147,709,000	206,709,000	176,209,000
1973	119,873,000			
1973 Supplemental	17,857,000	17,857,000	17,857,000	17,857,000
1974	---			

NOTE: All figures reflect comparability with the 1974 estimate.

Justification

Library Resources

	1973 Estimate	1974 Estimate	Increase or Decrease
1. Public libraries:			
(a) Services....................	$32,730,000	---	$-32,730,000
(b) Construction................	---	---	---
2. School library resources..........	90,000,000	---	-90,000,000
3. College libraries:			
(a) College library resources...	10,500,000	---	-10,500,000
(b) Librarian training..........	3,000,000	---	- 3,000,000
(c) Library demonstrations......	1,500,000	---	- 1,500,000
4. Undergraduate instructional equipment......................	---	---	---
Total......................	137,730,000	---	-137,730,000

General Statement

This appropriation includes the major library-related programs administered within the U.S. Office of Education, affecting public libraries, elementary and secondary school libraries, and academic libraries. It also includes the librarian training, and the library demonstration programs.

The programs contained in this appropriation are narrow categorical aid programs designed to achieve specific objectives. Federal support should now shift from this type of aid to broad educational objectives which allow State and local officials more flexibility in establishing priorities. Although no funding is requested for this appropriation in fiscal year 1974, it is anticipated that support will be continued for the most promising of these programs with Federal assistance from other sources: (1) public libraries are now eligible under general revenue sharing; (2) school library materials may be purchased under other authorities for education of the disadvantaged and handicapped and vocational education; (3) in 1974, Federal assistance to higher education will be concentrated on students who will carry the funds to the institution of their choice; and (4) exemplary library demonstration programs could be funded by the National Institute of Education.

	1973 Estimate	1974 Estimate	Increase or Decrease
Public Libraries:			
(a) Services:			
(1) Grants for library services......	$30,000,000	---	$-30,000,000
(2) Interlibrary cooperation.........	2,730,000	---	- 2,730,000
Subtotal.....................	32,730,000	---	- 32,730,000
(b) Construction..........................	---	---	---
(Obligations).......................	(2,738,963)	(---)	(-2,738,963)
Total, Public Libraries.........	32,730,000	---	-32,730,000
(Obligations).................	(35,468,963)	(---)	(-35,468,963)

Narrative

The Library Services and Construction Act, as amended, authorizes grants to States to promote the extension and improvement of public library services in areas without such services or with inadequate services, to construct public library facilities, to improve State library services for the physically handicapped and institutionalized, to improve public library services to disadvantaged persons, to strengthen State library administrative agencies, and to promote interlibrary cooperation among all types of libraries.

	1973 Estimate	1974 Estimate	Increase or Decrease
(a) Services			
(1) Grants for public library services.	$30,000,000	---	$-30,000,000

Authority and Purpose

Title I of the Library Services and Construction Act authorizes grants to States for the extension of public library services to areas without such services or with inadequate services and to improve State library services for physically handicapped and institutionalized persons. In addition, the Act accords priority to services to the disadvantaged in urban and rural areas and to strengthening State library administrative agencies and metropolitan public libraries which serve as national or regional resource centers. The authorization for fiscal year 1974 is $123,500,000.

Legislative Requirements

The Federal share ranges from 33 percent to 66 percent, except the Trust Territory which is 100 percent Federally supported; the States' matching requirements are in proportion to their per capita income.

To qualify for grants States must do the following: (a) submit a basic State plan; (b) submit an annual program which sets forth the criteria to be used in allocating the requested funds (these criteria shall ensure that States will expend an amount from Federal, State and local sources not less than the amount expended by the State during fiscal year 1971 from such sources for State institutional library services and library services to the physically handicapped); (c) submit, not later than July 1, 1972, a long-range program; and (d) establish a State Advisory Council on Libraries.

Fiscal Year 1972

In fiscal year 1972, more States began to shift public library services beyond the traditional informational delivery system to active cooperative programs designed to alleviate inequities with respect to access to knowledge and information.

The fiscal year 1972 appropriation of $46,568,500 assisted in the purchase of 7,900,000 library books and related materials and permitted States to continue support services for the physically handicapped and patients and inmates in State supported institutions. Approximately 87,000,000 people had access to public library services through this program.

Fiscal Year 1973

In fiscal year 1973, $30,000,000 is requested for this program, a reduction of $16,568,500 below the fiscal year 1972 level. Through the efforts of this program about 75,000,000 people will have access to new or improved library services, 12,000,000 below the 1972 level. About 5,100,000 books and related materials will be purchased, a reduction of 2,800,000 from fiscal year 1972, thereby providing one replacement or new book for every 14 persons in areas served by this program.

As mandated by the legislation, library services for physically handicapped and State institutionalized individuals will remain constant at previous levels of support.

Fiscal Year 1974

No Federal funds are requested in fiscal year 1974 for library services under Title I of the Library Services and Construction Act.

Since the enactment of the Public Library program in 1956, Federal appropriations have provided library services--for the first time--to more than 17 million people. Today, nearly every citizen is in a library service area.

In 1956, when this program was established, only 6 States provided grants-in-aid to localities for the support of public libraries. Today, there are 33 States which provide such funds. Furthermore, local support of libraries has more than doubled in the past 10 years. With the increasing availability of non-Federal funds, it is anticipated that States and localities will be able to continue the most promising projects and programs now supported.

	1973 Estimate	1974 Estimate	Increase or Decrease
(2) Interlibrary cooperation....	$2,730,000	---	$-2,730,000

Narrative

Authority and Purpose

Title III of the Library Services and Construction Act, as amended, authorizes grants to States for establishing and maintaining local, regional, State and/or interstate cooperative networks of libraries. The purpose of such networks or systems is to provide a systematic and effective coordination of resources of school, public, academic, and special libraries and information centers to develop a more economical operation and, in turn, provide better service to all users. The authorization for fiscal year 1974 is $16,500,000.

Legislative Requirements

The Federal contribution is 100 percent.

Fiscal Year 1972

In fiscal year 1972 funding for this program was $2,640,500, an increase of $359,500 over the fiscal year 1971 level. An estimated 16 additional cooperative projects are being supported, increasing the total to 120. Participation by all types of libraries in telecommunications or information processing systems has increased. An example is the Nevada Center for Cooperative Library Service which provides technical processing for 12 public libraries, two school districts, one academic library, one hospital library, one correctional library and the State library. It is estimated that the Center processed 35,000 to 40,000 volumes.

Continued support was provided to cooperative projects with all types of libraries to take advantage of new technology, to improve cooperative efforts, to exchange information, and to share resources.

Fiscal Year 1973

The 1973 request of $2,730,000, an increase of $89,500 over the 1972 level, will continue this program at approximately the fiscal year 1972 level, and would permit States to coordinate more effectively programs and projects within designated geographic areas.

An estimated 140 cooperative projects, an increase of 20 over the fiscal year 1972 level will be supported. An estimated 8,900 libraries of all types will participate in these cooperative projects.

Fiscal Year 1974

No funds are requested for continuation of this program in fiscal year 1974. It is anticipated that the States and localities will continue the most promising of these projects.

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) Construction			
Appropriation....................	---	---	---
(Obligations)..................	($2,738,963)	(---)	($-2,738,963)

Narrative

Authority and Purpose

Title II of the Library Services and Construction Act authorizes grants to States to support the construction of public libraries. Funds may be used for the construction of new buildings, for additions to existing buildings and for renovation or alteration of existing buildings or the acquisition of an existing building to be used for public library purposes. The authorization for fiscal year 1974 is $88,000,000.

Legislative Requirements

The Federal share ranges from 33 percent to 66 percent, except for the Trust Territory which is 100 percent Federally supported.

Fiscal Year 1972

In fiscal year 1972, Federal funds totaling $9,533,066 support 131 library construction projects. These funds were matched by more than $31,000,000 in State and local funds or more than three State and local dollars for every Federal dollar.

Fiscal Year 1973/1974

This program is scheduled to be terminated after fiscal year 1973. Since the inception of this program in 1965 Federal funds totaling more than $159,000,000 will have assisted State and local agencies in supporting an estimated 1,845 library construction projects, adding about 20,000,000 square feet of floor space. State and local agencies will have contributed approximately $399,000,000 in support of these projects. While a need still exists for library construction, it is anticipated that the State and local agencies with the assistance of general revenue sharing will hereafter assume responsibility for financing of these projects. With the carryover funds from fiscal year 1972 of $2,738,963, approximately 35 projects will be supported in 1973.

	1973 Estimate	1974 Estimate	Increase or Decrease
School Library Resources.................	$90,000,000	---	$-90,000,000

Narrative

Authority and Purpose

Title II of the Elementary and Secondary Education Act provides grants to the States for the purpose of providing school library resources, textbooks, and other instructional materials. It operates from an approved State plan which provides for the distribution of the benefits among the public and private school students and teachers of the State in accordance with their relative need for such materials. The authorization for fiscal year 1974 is $220,000,000.

Legislative Requirements

Funds are allotted to the 50 States and the District of Columbia on the basis of the total number of children enrolled in its public and private elementary and secondary schools in relationship to the total number of children enrolled in schools in all States. Up to 3 percent of this is reserved for the outlying areas and for schools operated for Indian children by the Department of the Interior. No matching funds are required for this program.

Fiscal Year 1972

In 1972, States revised relative need formulas so that the $90,000,000 appropriation could contribute more substantially to the education of children with reading difficulties, to the economically, culturally, and otherwise disadvantaged pupils, to career education, and to all children who attend schools with insufficient quantities and variety of instructional materials. Over 47,500,000 pupils benefitted from this program in fiscal year 1972.

Fiscal Year 1973

The fiscal year 1973 appropriation request of $90,000,000 will benefit approximately 48,400,000 students at an average amount of $1.86 per student. Approximately $8,300,000 or 9.2 percent of the funds requested will be expended for eligible items for use by teachers and students in private schools.

Fiscal Year 1974

In fiscal year 1974, Federal support will focus on the broad educational objectives reflected in the administration's special education revenue sharing proposal. Under broad authorities for education of the disadvantaged and handicapped, vocational education, and support services, State and local officials will be able to spend Federal funds on school library materials and other school needs according to their relative priorities. No Federal categorical support for school library materials under Title II of the Elementary and Secondary Education Act is requested for fiscal year 1974.

	1973 Estimate	1974 Estimate	Increase or Decrease
College Libraries			
(a) College Library Resources............	$10,500,000	---	$-10,500,000
(b) Librarian Training....................	3,000,000	---	- 3,000,000
(c) Library Demonstrations...............	1,500,000	---	- 1,500,000
Total, College Libraries........	15,000,000		- 15,000,000

Narrative

Title II of the Higher Education Act, as amended, provides for grants to institutions of higher education, and other public or private agencies, institutions, and organizations to assist and encourage institutions of higher education in the acquisition of library resources, including law library resources, in accordance with Part A, and to assist with and encourage research and the training of persons in librarianship in accordance with Part B.

Of the sums appropriated for any fiscal year, 70 per centum shall be used for Part A and 30 per centum shall be used for Part B, except that the amount available for the purposes of Part B for any fiscal year shall not be less than the amount appropriated for such purposes for the fiscal year ending June 30, 1972.

	1973 Estimate	1974 Estimate	Increase or Decrease
(a) College Library Resources	$10,500,000	---	$-10,500,000

Authority and Purpose

Title II, Part A, of the Higher Education Act, as amended, provides grants to assist and encourage institutions of higher education in the acquisition of library resources, including law library resources, such as books, periodicals, documents, magnetic tapes, phonograph records, audiovisual materials, and other related library materials (including necessary binding). Grants are awarded to eligible institutions of higher education, and other public and private non-profit library institutions whose primary function is to provide library and information services to institutions of higher education on a formal cooperative basis. The authorization for fiscal year 1974 is $59,500,000.

Legislative Requirements

Three types of grants are awarded: (1) basic grants shall be equal to the amount expended by the applicant for library resources during the preceeding year, not to exceed $5,000; (2) supplemental grants up to $20 per student; (3) special purpose grants which must be matched with $1 institution money for every $3 Federal money.

Fiscal Year 1972

In fiscal year 1972, this program provided support through 504 basic and 494 supplemental grants to those institutions of higher education in direst need. In addition, 58 special purpose grants provided support to institutions with programs providing for the sharing of resources with needy institutions.

Fiscal Year 1973

In fiscal year 1973, Federal funds totaling $10,500,000 will support 2,500 basic grants at an average of $4,200 per grant. This represents an increase of 1,996 basic grants over the previous fiscal year. Basic grant requirements must be satisfied before supplemental grants are awarded. The Commissioner is authorized to reserve up to 25 percent of funds available under Part A for special purpose grants, and any reserved funds not utilized for special purpose grants must be utilized for supplemental grants. It is not anticipated that any funds will be available for supplemental or special purpose grants.

Fiscal Year 1974

In fiscal year 1974, Federal support of higher education is shifting from categorical institutional assistance toward student assistance. Federal assistance to higher education will be concentrated on students who will carry the funds to the institutions of their choice. No funds for college library resources are requested under Title II-A of the Higher Education Act.

Program Statistical Data:

	1972 Actual	1973 Estimate	1974 Estimate
Grant Awards by Type:			
Basic Grants............................	504	2,500	---
Average Grant..........................	$ 5,980	$4,200	---
Supplemental Grants.....................	494	---	---
Average Grant..........................	$13,832	---	---
Special Purpose Grant...................	58	---	---
Average Grant..........................	$28,488	---	---

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) Librarian training..........	$3,000,000	---	$-3,000,000

Narrative

Authority and Purpose

Title II, Part B, of the Higher Education Act of 1965 authorizes grants to institutions of higher education and library organizations or agencies to support the training of paraprofessionals and professionals in library and information science for services to all types of libraries. Such grants may be made for fellowships, traineeships, and short- and long-term training institutes for library personnel.

Legislative Requirements

The Education Amendments of 1972 effective July 1, 1972 require that not less than 50 percent of the funds for library training be used to support fellowships and traineeships. In addition the amendments now require a statutory distribution of funds between the College Library Resources, Training and Research Programs. Of the amount appropriated for Library Research and Training under Title II-B, 66-2/3 percent must be used for Library Training.

Fiscal Year 1972

In fiscal year 1972, emphasis shifted from the fellowship program to the institute program. Only those 40 candidates continuing at the doctoral level received fellowship awards. Through 24 institutes, exemplary innovative programs designed to serve the disadvantaged or provide training in high priority areas involving 1,200 participants were funded.

Fiscal Year 1973

In fiscal year 1973, $3,000,000 will support about 195 fellowships or traineeships and the training or retraining of about 925 paraprofessionals and professional librarians in about 28 long- and short-term institutes.

Fiscal Year 1974

No funds are requested for this program in fiscal year 1974. Since its inception in 1966, this program has accomplished much in helping to alleviate the manpower shortage in the field of library and information services. More than 2,000 individuals will have received their degrees at the Master and Doctoral levels and more than 11,000 professional and paraprofessional librarians will have been trained or had their skills upgraded that they might provide more meaningful library services to the community.

In fiscal year 1974, Federal support will shift from narrow categorical training programs to broader student assistance programs.

	1973 Estimate	1974 Estimate	Increase or Decrease
(c) Library Demonstrations..........	$1,500,000	---	$-1,500,000

Narrative

Authority and Purpose

Title II-B of the Higher Education Act, as amended, authorizes the Commissioner of Education to make grants to and contracts with public and private institutions, agencies and organizations for demonstration projects relating to the improvement of libraries or the improvement of training in librarianship. Awards may be made to demonstrate new techniques, systems and equipment for manipulating information. In addition, information derived from such projects may be distributed and disseminated.

Legislative Requirements

Of the amount appropriated for library research and training under Title II-B, 33-1/3 percent must be used for library demonstration activities.

Fiscal Year 1972

In fiscal year 1972 priority was accorded those demonstration projects that were directed toward the provision of quality educational opportunities for economically disadvantaged people, or those for whom the traditional school and college-based educational experience have not proved feasible; and demonstrations that offer new methods and alternatives for the provision of improved informational services.

Fiscal Year 1973

In fiscal year 1973, of the 14 projects funded 12 were continuations and 2 were new initiatives.

Fiscal Year 1974

No funds are requested for these activities under title II-B of the Higher Education Act. High priority library research and demonstration projects can be supported by the National Institute of Education.

	1973 Estimate	1974 Estimate	Increase or Decrease
Undergraduate Instructional Equipment....	---	---	---

Narrative

Authority and Purpose

Title VI-A of the Higher Education Act authorizes funds through matching grants to institutions of higher education to improve undergraduate instruction through acquisition of instructional equipment (including closed-circuit television) and materials and through minor remodeling. Funds are distributed among the States on a formula based on higher education enrollment and per capita income.

Legislative Requirements

A State plan is required. Grants may not exceed 50 percent of the cost of the project except that in extreme financial hardship cases such grants may be increased not to exceed 80 percent.

Fiscal Year 1972

In fiscal year 1972, State Commissions continued to accord priority to assisting community and junior colleges, post-secondary vocational schools and other needy institutions of higher education through project grants for the acquisition of instructional equipment (including closed-circuit television equipment). Of the 1,107 instructional equipment grants awarded in fiscal year 1972, about 600 grants totaling at least half of the Federal funds available went to these institutions. $12,500,000 was available for obligation in fiscal year 1972.

Fiscal Year 1973/1974

No funds were requested for this program in fiscal year 1973 nor are any being requested in fiscal year 1974.

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: Public Libraries (Library Services and Construction Act, Title I)

(a) Services:
    (1) Grants for public libraries

	1974	
1973	Authorization	Budget Estimate
$ 30,000,000	$ 123,500,000	$ ---

Purpose: The Library Services and Construction Act authorizes grants to States to promote the extension and improvement of public library services in areas without such services or with inadequate services; to improve State library services for the physically handicapped and institutionalized; to improve public library services for disadvantaged persons; and to strengthen State library administrative agencies.

Explanation: Grants are made to States on a formula basis. The Federal share ranges from 33 percent to 66 percent, except for the Trust Territory which is 100 percent Federally funded, and States must match in proportion to their per capita income.

Accomplishments in 1973: In fiscal year 1973 the funding level was $30,000,000, a reduction of $16,568,500 below the 1972 level. These funds provided an additional 5,100,000 books and related materials, 2,800,000 less than fiscal year 1972. It maintained support of library services to the State institutionalized and the physically handicapped at approximately the 1972 level. Emphasis was on support of programs to serve the disadvantaged, and State-wide projects designed to alleviate inequities with respect to access to knowledge and information.

Objectives for 1974: This program is being terminated in 1974. It is anticipated that State and local officials will continue the most promising programs formerly funded under this activity.

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: Public Libraries (Library Services and Construction Act, Title III)

(a) Services:
  (a) Interlibrary cooperation

1973	1974 Authorization	1974 Budget Estimate
$ 2,730,000	$ 16,500,000	$ ---

Purpose: Title III of the Library Services and Construction Act, as amended, authorizes grants to States for establishing and maintaining local, regional, State and/or interstate cooperative networks of libraries.

Explanation: Grants are made to States on a formula basis. The Federal share is 100 percent.

Accomplishments in 1973: In fiscal year 1973, funding was for $2,730,000, an increase of $89,500 over 1972. These funds continued the program at approximately the same level as fiscal year 1972. Emphasis continued on implementation of these systems to meet growing informational needs.

Objectives for 1974: This program is being terminated in 1973. It is anticipated that State and local officials will continue support for the most promising programs formerly funded under the Library Services and Construction Act.

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: Public Libraries (Library Services and Construction Act, Title II)

(b) Construction

	1974	
1973	Authorization	Budget Estimate
$ 2,738,963	$ 88,000,000	$ ---

Purpose: Title II of the Library Services and Construction Act, as amended authorizes grants to States to support the construction of public libraries.

Explanation: Grants are made to States on a formula basis. The Federal share ranges from 33 percent to 66 percent, except for the Trust Territory which is 100 percent Federally funded and States must match in proportion to their per capita income.

Accomplishments in 1973: While no funds are requested for fiscal year 1973, the $2,738,963 carryover from fiscal year 1972 will be available for obligation. These funds will support about 35 library construction projects in fiscal year 1973.

Objectives for 1974: This program is being terminated in fiscal year 1974. Since the inception of this program in 1965 Federal funds totaling more than $159,000,000 will have assisted State and local agencies in supporting an estimated 1,845 library construction projects, adding about 20,000,000 square feet of floor space. State and local agencies will have contributed approximately $399,000,000 in support of these projects. While a need still exists for library construction, it is anticipated that the State and local agencies with the assistance of general revenue sharing will hereafter assume responsibility for financing of these projects.

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: School Library Resources (Elementary and Secondary Education Act, Title II)

1973	1974 Authorization	1974 Budget Estimate
$ 90,000,000	$ 220,000,000	$ ---

Purpose: Grants are made to States for procurement of library resources, textbooks, and other printed and published instructional materials for use by students and teachers in public and private elementary and secondary schools.

Explanation: Grants are allocated to the States on a formula based on numbers of pupils in the State, after approval by the Office of Education of the State plan. The States in turn make books and materials available to public and private schools within the State.

Accomplishments in 1973: Provided library and instructional resources to public and private schools serving over 48,400,000 students.

Objectives for 1974: No funds are requested for this activity in 1974. Funds available under other authorities may be used for school library resources.

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: College Libraries (Higher Education Act of 1965, as amended, Title II)
(a) College Library Resources

	1974	
1973	Authorization	Budget Estimate
$ 10,500,000	$ 59,500,000	$ ---

Purpose: Title II, Part A of the Higher Education Act, as amended, authorizes grants to eligible institutions of higher education and other public and private non-profit library institutions whose primary function is to provide library and information services to institutions of higher education on a formal cooperative basis to assist and encourage them in the acquisition of library resources including law library resources, such as books, periodicals, documents, magnetic tapes, phonograph records, audiovisual materials and other related materials (including necessary binding).

Explanation: Three types of grants are awarded: (1) Basic up to $5,000 which must be matched dollar for dollar; (2) Supplemental grants up to $20 per student with no matching required; and (3) Special purpose grants which must be matched with $1 institution money for every $3 Federal money.

Accomplishments in 1973: Funding was available for basic grants only. Approximately 2,500 such grants averaging $4,200 each were awarded.

Objectives for 1974: This program will be terminated in 1974. Federal supp for institutions of higher education will be concentrated on students who wi carry the funds to the institutions of their choice.

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: College Libraries (Higher Education Act of 1965, as amended, Title II)
(b) Librarian Training

	1974	
1973	Authorization	Budget Estimate
$ 3,000,000	$ 17,000,000	$ ---

Purpose: Title II, Part B, of the Higher Education Act of 1965 authorizes grants to institutions of higher education and library organizations or agencies to support the training of paraprofessionals and professionals in library and information science for services to all types of libraries. Such grants may be made for fellowships, traineeships, and short- and long-term training institutes for library personnel.

Explanation: The Education Amendments of 1972 effective July 1, 1972 require that not less than 50 percent of the funds for library training be used to support fellowships and traineeships. In addition the amendments now require a statutory distribution of funds between the College Library Resources, Training and Research Programs. Of the amount appropriated for Library Research and Training under Title II-B, 66-2/3 percent must be used for Library Training.

Accomplishments in 1973: The fiscal year 1973 appropriation of $3,000,000 will support about 195 fellowships or traineeships and the training or retraining of about 925 paraprofessional and professional librarians in long- and short-term institutes.

Objectives for 1974: This program is being terminated in fiscal year 1974. Federal support will shift in fiscal year 1974 from narrow categorical training programs to broader student assistant programs. In this manner, students will determine the selection of institution and area of study that will best meet their individual needs.

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: College Libraries (Higher Education Act of 1965, as amended, Title II)
(c) Library Demonstration

1973	1974 Authorization	1974 Budget Estimate
$ 1,500,000	$ 8,500,000	$ ---

Purpose: Title II-B of the Higher Education Act authorizes grants and contracts to institutions of higher education, and other public or private agencies, institutions, and organizations, for demonstration, the purpose of which is to improve libraries or improve training in librarianship, including the development of new techniques, systems, and equipment for processing, storing, and distributing information, and for the dissemination of information derived from such projects.

Explanation: Applications are submitted by individuals through their universities, school districts, or other eligible institutions. Applications are reviewed by Office of Education field readers and priorities of awards are based upon the nature of the proposed application. Of the amount appropriated for library research and training under Title II-B, 33-1/3 percent must be used for library demonstration activities.

Accomplishments in 1973: In fiscal year 1973, about 14 demonstration projects will be awarded. Twelve projects will be continuations from fiscal year 1972 and two small new starts. Priority was accorded to outstanding exemplary projects that emphasized the library's potential in serving the educational and informational needs of people outside the classroom.

Objectives for 1974: This program is being terminated in fiscal year 1974. Funding for the most promising of these projects can be carried on by the National Institute of Education.

OFFICE OF EDUCATION

Library Resources

Program Purpose and Accomplishments

Activity: Undergraduate Instructional Equipment (Higher Education Act, Title VI-A)

	1974	
1973	Authorization	Budget Estimate
$ ---	$ 70,000,000	$ ---

Purpose: Grants are awarded to institutions of higher education to assist in their striving for improvement of undergraduate instruction. Funds may be used to purchase instructional equipment (including closed-circuit TV) and materials and for minor remodeling.

Explanation: Funds are allotted to the States by a formula based on higher education enrollment and per capita income. State commissions rank applications submitted by the institutions and recommend the Federal share which, except in hardship cases, may not exceed 50 percent of the total project cost.

Accomplishments in 1973: This program is being terminated in fiscal year 1973. Federal support for institutions of higher education will be concentrated on students who will carry the funds to the institution of their choice.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Library Resources

Grants for Public Library Services

State or Outlying Areas	1972 Actual	1973 Estimate 1/ Federal Allotment	1973 Estimate 1/ State and Local Matching	1974 Estimate
TOTAL	$46,568,500	$30,000,000	$30,126,581	$ ---
Alabama	801,520	524,744	277,739	---
Alaska	252,774	228,491	340,602	---
Arizona	509,562	367,124	295,913	---
Arkansas	535,902	381,344	196,450	---
California	3,684,797	2,081,346	2,914,684	---
Colorado	585,496	408,119	384,807	---
Connecticut	729,574	485,902	823,101	---
Delaware	295,726	251,680	320,320	---
Florida	1,385,770	840,165	737,313	---
Georgia	1,001,565	632,743	440,613	---
Hawaii	334,465	272,594	298,403	---
Idaho	324,526	267,228	176,404	---
Illinois	2,141,046	1,247,917	1,754,771	---
Indiana	1,107,070	689,702	688,875	---
Iowa	693,391	466,368	435,000	---
Kansas	592,798	412,061	375,668	---
Kentucky	762,250	503,543	313,632	---
Louisiana	836,278	543,509	338,524	---
Maine	373,542	293,691	205,869	---
Maryland	885,043	569,836	694,219	---
Massachusetts	1,193,608	736,422	958,060	---
Michigan	1,750,025	1,036,816	1,215,663	---
Minnesota	864,552	558,773	536,431	---
Mississippi	587,182	409,029	210,712	---
Missouri	1,016,903	641,024	578,117	---
Montana	321,278	265,475	195,579	---
Nebraska	459,143	339,904	314,134	---
Nevada	285,358	246,082	349,759	---
New Hampshire	328,835	269,555	244,079	---
New Jersey	1,451,913	875,874	1,203,105	---
New Mexico	377,443	295,797	195,579	---
New York	3,376,997	1,915,172	2,913,805	---
North Carolina	1,087,577	679,178	431,498	---
North Dakota	307,891	258,248	171,735	---
Ohio	2,060,365	1,204,360	1,240,545	---
Oklahoma	646,971	441,307	312,935	---
Oregon	565,258	397,193	376,459	---
Pennsylvania	2,259,795	1,312,027	1,298,972	---
Rhode Island	365,868	289,548	320,926	---
South Carolina	652,431	444,255	238,794	---

State or Outlying Areas	1972 Actual	1973 Estimate [1] Federal Allotment	1973 Estimate [1] State and Local Matching	1974 Estimate
South Dakota	$ 316,361	$ 262,820	$ 182,940	$ ---
Tennessee	885,352	570,003	345,664	---
Texas	2,155,499	1,255,720	986,237	---
Utah	385,001	299,877	207,615	---
Vermont	277,672	241,933	192,262	---
Virginia	1,011,855	638,298	515,948	---
Washington	795,408	521,445	593,469	---
West Virginia	504,629	364,461	202,970	---
Wisconsin	971,588	616,559	599,054	---
Wyoming	258,056	231,343	193,139	---
District of Columbia	332,124	271,330	488,911	---
American Samoa	44,850	42,618	21,955	---
Guam	55,182	48,196	24,828	---
Puerto Rico	673,654	455,713	234,761	---
Trust Territory	57,743	49,579	---	---
Virgin Islands	51,038	45,959	23,676	---

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[1] Estimated distribution of funds with a minimum allotment of $200,000 to the 50 States, D.C., and Puerto Rico, and $40,000 to the other outlying areas; the remainder distributed on the basis of estimated total population, April 1, 1970. Required matching expenditures computed on the basis of fiscal year 1972-73 "Federal Share" percentages.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Library Resources

Interlibrary Cooperation

Outlying Area	1972 Actual	1973 Estimate[1]	1974 Estimate
TOTAL	$2,625,247	$2,730,000	$ ---
Alabama	48,000	50,190	---
Alaska	40,763	40,894	---
Arizona	44,475	45,244	---
Arkansas	44,855	45,690	---
California	90,372	99,034	---
Colorado	45,572	46,530	---
Connecticut	47,655	48,971	---
Delaware	41,384	41,622	---
Florida	57,140	60,08[illegible]	---
Georgia	51,587	53,579	---
Hawaii	41,944	42,278	---
Idaho	41,800	42,110	---
Illinois	68,058	72,882	---
Indiana	53,112	55,366	---
Iowa	47,132	48,358	---
Kansas	45,678	46,654	---
Kentucky	48,127	49,525	---
Louisiana	49,197	50,779	---
Maine	42,509	42,940	---
Maryland	49,902	51,605	---
Massachusetts	54,363	56,832	---
Michigan	62,405	66,258	---
Minnesota	49,606	51,258	---
Mississippi	45,597	46,559	---
Missouri	37,250	53,839	---
Montana	41,753	42,055	---
Nebraska	43,746	44,390	---
Nevada	41,234	41,446	---
New Hampshire	41,862	42,183	---
New Jersey	58,096	61,208	---
New Mexico	42,565	43,006	---
New York	85,923	93,820	---
North Carolina	52,830	55,036	---
North Dakota	41,560	41,828	---
Ohio	66,891	71,515	---
Oklahoma	46,461	47,572	---
Oregon	45,280	46,188	---
Pennsylvania	69,774	74,894	---
Rhode Island	42,398	42,810	---
South Carolina	46,540	47,664	---

State or Outlying Area	1972 Actual	1973 Estimate[1]	1974 Estimate
South Dakota	$ 41,682	$ 41,971	$ ---
Tennessee	49,907	51,610	---
Texas	68,266	73,127	---
Utah	42,674	43,134	---
Vermont	41,123	41,316	---
Virginia	51,735	53,753	---
Washington	48,607	50,086	---
West Virginia	44,403	45,161	---
Wisconsin	51,153	53,071	---
Wyoming	40,839	40,983	---
District of Columbia	41,910	42,238	---
American Samoa	10,070	10,082	---
Guam	10,219	10,257	---
Puerto Rico	46,847	48,024	---
Trust Territory	10,256	10,301	---
Virgin Islands	10,160	10,187	---

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[1] Estimated distribution of funds with a minimum allotment of $40,000 to the 50 States, D.C., and Puerto Rico, and $10,000 to the other outlying areas; the remainder distributed on the basis of estimated total population, April 1, 1970. The "Federal share" is 100 percent.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Library Resources

Construction of Public Libraries

State or Outlying Areas	1972 Actual	1973 Estimate		1974 Estimate
		Federal Allotment	State and Local Matching	
TOTAL	$9,533,066	$ ---	$ ---	$ ---
Alabama	156,000	---	---	---
Alaska	189,732	---	---	---
Arizona	18,000	---	---	---
Arkansas	139,366	---	---	---
California	698,114	---	---	---
Colorado	105,113	---	---	---
Connecticut	166,828	---	---	---
Delaware	---	---	---	---
Florida	157,665	---	---	---
Georgia	143,939	---	---	---
Hawaii	89,925	---	---	---
Idaho	114,594	---	---	---
Illinois	327,480	---	---	---
Indiana	73,902	---	---	---
Iowa	51,713	---	---	---
Kansas	146,034	---	---	---
Kentucky	263,546	---	---	---
Louisiana	172,966	---	---	---
Maine	101,119	---	---	---
Maryland	179,484	---	---	---
Massachusetts	60,000	---	---	---
Michigan	467,434	---	---	---
Minnesota	203,546	---	---	---
Mississippi	145,376	---	---	---
Missouri	125,956	---	---	---
Montana	204,797	---	---	---
Nebraska	130,370	---	---	---
Nevada	194,478	---	---	---
New Hampshire	197,124	---	---	---
New Jersey	246,717	---	---	---
New Mexico	97,000	---	---	---
New York	472,561	---	---	---
North Carolina	88,771	---	---	---
North Dakota	89,920	---	---	---
Ohio	318,025	---	---	---
Oklahoma	---	---	---	---
Oregon	114,253	---	---	---
Pennsylvania	585,525	---	---	---
Rhode Island	103,481	---	---	---
South Carolina	125,000	---	---	---

State or Outlying Areas	1972 Actual	1973 Estimate Federal Allotment	1973 Estimate State and Local Matching	1974 Estimate
South Dakota	$ 113,637	$ ---	$ --	$ ---
Tennessee	243,347	---	---	---
Texas	377,336	---	---	---
Utah	209,595	---	---	---
Vermont	86,498	---	---	---
Virginia	65.048	---	---	---
Washington	237,770	---	---	---
West Virginia	218,362	---	---	---
Wisconsin	22,500	---	---	---
Wyoming	106,804	---	---	---
District of Columbia	182,242	---	---	---
American Samoa	0,314	---	---	---
Guam	---	---	---	---
Puerto Rico	248,774	---	---	---
Trust Territory	43,188	---	---	---
Virgin Islands	41,797	---	---	---

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Library Resources

Title II, Elementary and Secondary Education Act
School Library Resources

State or Outlying Area	1972 Actual	1973 Estimate1/	1974 Estimate
TOTAL	$ 89,998,581	$ 90,000,000	$ ---
Alabama	1,460,724	1,418,801	---
Alaska	135,215	139,291	---
Arizona	768,689	792,454	---
Arkansas	807,949	809,699	---
California	8,564,292	8,600,381	---
Colorado	990,955	1,003,401	---
Connecticut	1,300,672	1,327,073	---
Delaware	255,228	256,300	---
Florida	2,554,308	2,622,331	---
Georgia	1,947,753	1,924,921	---
Hawaii	352,543	355,408	---
Idaho	321,960	323,912	---
Illinois	4,830,114	4,834,821	---
Indiana	2,311,952	2,310,348	---
Iowa	1,285,267	1,268,482	---
Kansas	966,108	947,185	---
Kentucky	1,348,968	1,352,354	---
Louisiana	1,681,489	1,655,147	---
Maine	460,371	460,638	---
Maryland	1,740,544	1,778,776	---
Massachusetts	2,364,332	2,388,192	---
Michigan	4,252,744	4,146,542	---
Minnesota	1,814,858	1,790,212	---
Mississippi	1,017,833	946,480	---
Missouri	2,115,431	2,049,233	---
Montana	328,651	325,253	---
Nebraska	658,196	638,354	---
Nevada	218,942	226,416	---
New Hampshire	316,168	326,695	---
New Jersey	2,993,829	3,057,083	---
New Mexico	510,703	511,032	---
New York	7,408,582	7,343,552	---
North Carolina	2,063,424	2,069,406	---
North Dakota	282,965	275,377	---
Ohio	4,737,404	4,754,550	---
Oklahoma	1,076,331	1,091,264	---
Oregon	874,006	875,475	---
Pennsylvania	4,896,472	4,975,170	---
Rhode Island	386,997	396,958	---
South Carolina	1,134,518	1,125,332	---

State or Outlying Area	1972 Actual	1973 Estimate[1]	1974 Estimate
South Dakota	$ 313,952	$ 305,768	$ ---
Tennessee	1,580,795	1,594,892	---
Texas	4,960,462	5,037,176	---
Utah	527,142	526,457	---
Vermont	197,886	202,468	---
Virginia	1,940,673	1,939,360	---
Washington	1,495,705	1,485,090	---
West Virginia	709,655	705,179	---
Wisconsin	2,094,174	2,074,[illegible]56	---
Wyoming	154,056	1[illegible],539	---
District of Columbia	291,472	285,269	---
American Samoa	30,000	30,000	---
Guam	67,596	73,459	---
Puerto Rico	1,841,850	1,847,346	---
Trust Territory	83,812	86,754	---
Virgin Islands	38,850	30,000	---
Bureau of Indian Affairs	133,014	127,563	---

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[1] Estimated distribution of funds to the 50 States and D.C. on the basis of total estimated public and nonpublic elementary and secondary school enrollment, Fall 1970. 2.5 percent of the 50 States and D.C. amount distributed to the outlying areas on the basis of total estimated public and nonpublic elementary and secondary school enrollment, Fall 1970, except American Samoa, public school, Fall 1969; B.I.A., fiscal year 1970; Trust Territory, nonpublic school enrollment, fiscal year 1969.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Libarary Resources

Title VI-A, Higher Education Act
Undergraduate Instructional Equipment
Television Equipment

State or Outlying Areas	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ 1,492,823	$ ---	$ ---
Alabama	24,473	---	---
Alaska	938	---	---
Arizona	17,738	---	---
Arkansas	13,681	---	---
California	170,022	---	---
Colorado	21,653	---	---
Connecticut	17,812	---	---
Delaware	3,362	---	---
Florida	41,477	---	---
Georgia	26,355	---	---
Hawaii	5,252	---	---
Idaho	4,973	---	---
Illinois	69,748	---	---
Indiana	37,714	---	---
Iowa	24,647	---	---
Kansas	20,849	---	---
Kentucky	22,870	---	---
Louisiana	27,420	---	---
Maine	6,411	---	---
Maryland	22,883	---	---
Massachusetts	51,179	---	---
Michigan	64,733	---	---
Minnesota	32,161	---	---
Mississippi	18,487	---	---
Missouri	35,115	---	---
Montana	4,912	---	---
Nebraska	13,704	---	---
Nevada	2,013	---	---
New Hampshire	6,178	---	---
New Jersey	27,250	---	---
New Mexico	8,909	---	---
New York	118,068	---	---
North Carolina	36,889	---	---
North Dakota	7,072	---	---
Ohio	69,286	---	---
Oklahoma	24,567	---	---
Oregon	20,340	---	---
Pennsylvania	74,956	---	---
Rhode Island	8,027	---	---
South Carolina	14,637	---	---

State or Outlying Areas	1972 Actual	1973 Estimate	1974 Estimate
South Dakota	$ 7,056	$ ---	$ ---
Tennessee	29,826	---	---
Texas	83,555	---	---
Utah	16,328	---	---
Vermont	4,494	---	---
Virginia	24,268	---	---
Washington	29,509	---	---
West Virginia	15,107	---	---
Wisconsin	36,985	---	---
Wyoming	3,060	---	---
District of Columbia	10,653	---	---
American Samoa	---	---	---
Guam	370	---	---
Puerto Rico	12,851	---	---
Trust Territory	---	---	---
Virgin Islands	---	---	---

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Library Resources

Title VI-A, Higher Education Act
Undergraduate Instructional Equipment
Other Equipment

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ 10,987,052	$ ---	$ ---
Alabama	179,471	---	---
Alaska	6,877	---	---
Arizona	130,075	---	---
Arkansas	100,323	---	---
California	1,246,837	---	---
Colorado	158,791	---	---
Connecticut	124,224	---	---
Delaware	24,655	---	---
Florida	309,982	---	---
Georgia	193,272	---	---
Hawaii	40,264	---	---
Idaho	49,074	---	---
Illinois	511,490	---	---
Indiana	276,570	---	---
Iowa	180,746	---	---
Kansas	152,894	---	---
Kentucky	167,711	---	---
Louisiana	201,074	---	---
Maine	47,013	---	---
Maryland	167,805	---	---
Massachusetts	375,309	---	---
Michigan	474,708	---	---
Minnesota	235,845	---	---
Mississippi	135,565	---	---
Missouri	257,509	---	---
Montana	46,568	---	---
Nebraska	100,500	---	---
Nevada	14,766	---	---
New Hampshire	45,306	---	---
New Jersey	199,830	---	---
New Mexico	65,337	---	---
New York	865,836	---	---
North Carolina	270,513	---	---
North Dakota	51,858	---	---
Ohio	501,546	---	---
Oklahoma	180,154	---	---
Oregon	149,160	---	---
Pennsylvania	549,682	---	---
Rhode Island	58,871	---	---
South Carolina	107,333	---	---

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
South Dakota	$ 51,745	$ ---	$ ---
Tennessee	218,724	---	---
Texas	612,739	---	---
Utah	119,735	---	---
Vermont	32,962	---	---
Virginia	198,610	---	---
Washington	216,400	---	---
West Virginia	110,788	---	---
Wisconsin	271,219	---	---
Wyoming	22,439	---	---
District of Columbia	78,126	---	---
American Samoa	---	---	---
Guam	2,708	---	---
Puerto Rico	94,241	---	---
Trust Territory	---	---	---
Virgin Island	1,272	---	---

FRIDAY, MARCH 16, 1973.

BASIC EDUCATIONAL OPPORTUNITY GRANTS

WITNESSES

PETER P. MUIRHEAD, ACTING DEPUTY COMMISSIONER FOR HIGHER EDUCATION

DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION/DESIGNATE

PETER VOIGT, PLANNING OFFICER, OFFICE OF DEPUTY COMMISSIONER FOR HIGHER EDUCATION

WILLIAM J. BAREFOOT, JR., EXECUTIVE OFFICER, OFFICE OF DEPUTY COMMISSIONER FOR HIGHER EDUCATION

JOE G. KEEN, BUDGET OFFICER

JESS BERRY, BUDGET ANALYST

CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

Mr. NATCHER. At this time we have before us Dr. Peter Muirhead, Acting Deputy Commissioner for Higher Education. Dr. Muirhead, I believe that you and your associates wish to make a special presentation on the proposed new basic opportunity grants program.

Mr. SMITH. Did I understand you have a short direct presentation you want to make?

Mr. MUIRHEAD. We do have, Mr. Smith, and I would like to say, first of all, that we are indeed very grateful to the committee to give us this opportunity to come back and summarize, if you will, our $959 million request.

Mr. NATCHER. Go right ahead, Mr. Muirhead.

EXPLANATION OF BOG PROPOSAL

Mr. MUIRHEAD. Mr. Chairman, since this is the overriding priority in the President's budget for 1974 we want to be very sure that we are fully responsive to your inquiries and that we can provide you with as much information as possible as you return to your responsibilities to consider this request for $959 million for the basic opportunity grants program.

Basically this program has a good deal of complexity to it but it is nevertheless quite straightforward in that it will provide for the first time an entitlement concept to young people, offering to them a maximum grant of $1,400, less the family contribution, and not to exceed one-half the cost of education.

PRINCIPLES UNDERLYING BUDGET REQUEST

I think we would like to share with you the three or four principles that we utilized in developing our program. These principles are based upon well-established student financial need concepts that have been followed by the colleges and universities for 20 or 25 years.

One, in the development of the program we have said that insofar as possible parents should accept the responsibility for helping to pay for the post-secondary education of their children. This was our first principle.

Second, we operated on the concept that Federal grant funds should be directed at equating insofar as we can the difference in the amount of funds that students receive from their parents.

In other words, we wanted to say that the burden of working and the burden of borrowing, which will continue to be part of financial aid for students, should fall as equally as possible on students attending institutions of comparable costs.

We also felt that the financial need of the student, in addition to being measured by the financial ability of his parents, should also reflect the cost of education at the institution he attended.

That, it seems to me, is so clearly compatible with a long standing congressional policy that we encourage the continuation and the support of both public and private higher education institutions in this country.

The fourth principle that we endeavored to put into this project was that the amount of the award each student might be entitled to should insofar as possible be determined in a consistent and evenhanded manner, that is to say, that young people from families with comparable financial strength and attending schools with comparable costs should feel reasonably sure that they will get comparable grants.

Finally, we felt, and certainly in terms of the concept that is in the law, that the program should be flexible enough to reflect the differing needs of different categories of students—younger students who are dependent upon their parents, older students who have achieved some measure of independence and married students who are independent and have dependents.

So our proposal tried as much as possible to take into account the various categories of students.

PLANNING EFFORTS

For the past 6 months we have had a planning group developing this proposal, working very closely with higher education groups, working very closely with service groups that serve higher education, working with student financial aid officers, working with students and working with members of the congressional staff.

The work of that committee was highlighted by a number of regional meetings held around the country to develop further inputs from all of the participants in this program. So that we are now at the point, Mr. Chairman, of having presented to the Congress a family contribution schedule proposal and this is what we have, and I think everyone has copies of that, and we are at the point of being ready, ready very soon, to publish regulations that will indicate the cost of education for various types of institutions.

This is where we are at this moment and I have asked the director of our planning effort, Mr. Peter Voigt, who has been with this program almost night and day for the past 6 months, to come before us and report to you where we stand, what our best judgment is as to how the $959 million that we are requesting would be distributed among family income groups, would be distributed among students attending public and private institutions.

We would like to share with you some of the information we have as to what might be the maximum grant the young people might expect coming from various kinds of families. We would like to share with you what the entitlement of young people might be attending various types of institutions and we would like to share with you some case studies of different types of awards that might be made.

Mr. SMITH. We have a limited time. We want the facts. That is what we want, the bare facts.

Mr. MUIRHEAD. Right.

With your permission, then, Mr. Chairman, we will very quickly review the facts.

Mr. NATCHER. Please proceed.

DISTRIBUTION OF SUPPORT; BASIC OPPORTUNITY GRANTS; FULL FUNDING, FISCAL 1974

[Percentage distribution of students]

	Total dollars (In Millions)	Mean award (Dollars)	Income (Percent of Total)	Type of School	
				Public	Private
0 to $3500	$217.5	$876	16.3%	65.3%	34.7%
$3501 to $6500	363.1	796	29.9	65.2	34.8
$6501 to $8500	191.9	578	21.8	65.3	34.7
$8501 to $10,000	141.6	415	22.4	62.6	37.4
Over $10,000	44.9	307	9.6	61.9	38.1
Total	959.0	629	100.0	64.3	35.7

Mr. VOIGT. Thank you, Mr. Chairman.

DISTRIBUTION OF BOG AWARDS BY FAMILY INCOME LEVEL

The first chart that I would like to share with you shows the distribution of support under the basic grants program for the coming fiscal year 1974.

Mr. CONTE. Do you have copies of these for the committee?

Mr. VOIGT. Yes, we do.

The chart shows the distribution by family income of student recipients. The first column shows of the $959 million that in the lowest income group $217 million would be going to those students, whereas about $284 million would be going to those students in the $8,500 and above family income groups.

The second column shows the average award for the various income classes. The average award for the lowest income group would be $876 per student and the over $10,000 group would have an average award of $307 per student. The average award totally for the program in fiscal year 1974 would be $629.

The third column shows the distribution of the number of students to be aided by the program, 16.3 percent coming from the lowest income group and over 30 percent coming from the income group above $8,500.

The last two columns then show the distribution of support by type of institution, public and private, indicating that about 64 percent of the total students would be going to public institutions versus 36 percent of the students going to private institutions.

I might indicate here that the number of students going to the private institutions is considerably above the total enrollment in the private institutions. Currently it is estimated that 26.7 percent of total post-secondary enrollment is in private institutions.

We are projecting that 35 percent of the students would be enrolled in private institutions.

Distribution of support, educational opportunity grants program, estimated for academic year 1972–73

Family income:	percent
0 to $3,500	37.8
$3,501 to $6,500	40.0
$6,501 to $8,500	15.5
$8,501 to $10,000	6.7

NOTES

Average award, $670.

Percentage of funds to public institutions, 67.4 percent; private institutions, 32.6 percent.

Students aided, 303,500.

DISTRIBUTION OF EOG AWARDS BY FAMILY INCOME LEVEL

The second chart that I would like to share with you for some comparison is a distribution of funds by similar income categories under the EOG program, the old EOG program for the academic year 1972–73, the current academic year.

This indicates that almost 38 percent of the students aided by the program are in the lowest income groups, whereas approximately 6.7 percent of the total students are in the family income category of $8,500 and above.

This figure might be compared to over 30 percent in that income category expected to be aided in the basic grants program. The average award under the EOG program is $670 as opposed to $629 for the basic grants program, but I think this does compare favorably for the basic grants when we consider that we are reaching a much wider range of students.

Again the percentage of students going to public and private institutions under the EOG program is 67.4 percent to public and 32.6 percent to the private, which in some comparison to basic grants there would be more students going to private colleges under the basic grants program.

The total students aided in the educational opportunity grants program for the current academic year were 303,000 students whereas we are projecting for 1974 under basic grants to aid approximately 1.5 million students.

SAMPLE CASES

	1	2	3	4	5
1. Adjusted gross income	$4,000	$6,000	$8,000	$11,000	$15,000
2. Number of family members	4	4	5	5	7
3. Number of wage earners	1	1	2	1	2
4. Number of students in postsecondary education	1	1	2	2	2
5. Parental assets	$3,750	$5,750	$12,750	$8,250	$5,250
6. Student assets	0	250	100	0	300
7. Expected family contribution	0	333	358	730	981
8. Maximum award eligibility	1,400	1,067	1,042	670	419

SAMPLE CASES OF BOG AWARDS

The next chart shows some samples cases and the effect on various kinds of families of our family contribution determination system and the maximum award eligibility for the fiscal 1974 academic year for students coming from these different families.

For example, the case 1, a student coming from a family having a gross income of $4,000, four members in the family with one wage earner and only one student in postsecodary education, and the mean asset positions for parents in that family income category, the student would have zero expected contribution and would be eligible for the maximum award of $1,400, as opposed, then, case 5, which is the family having a gross income of $15,000, a large number of members in the family, two wage earners and two students in postsecondary education, would have an expected family contribution of $981. Even with a $15,000 family income, this student would still be eligible for a maximum basic grant of $419.

Mr. **Obey**. May I interrupt at that point.

The $981 is that family contribution per child you are talking about, or total?

Mr. **Voigt**. That would be per child.

Mr. **Muirhead**. That is right. They have two in college.

Mr. **Natcher**. Go right ahead now.

TYPICAL AWARDS

Cases	Public		Private	
	4 year	2 year	4 year	2 year
1	[1] $700	[1] $550	$1,400	[1] $1,300
2	[1] 700	[1] 550	1,067	1,067
3	[1] 700	[1] 550	1,042	1,042
4	[1] 670	[1] 550	670	670
5	419	419	419	419
Average cost	1,400	1,100	3,000	2,600

[1] Awards reduced because of half-cost limitation.

SAMPLE CASES ILLUSTRATING COST OF ATTENDING INSTITUTIONS

Mr. **Voigt**. The next chart I would like to share with you takes the sample cases and illustrates the kind of award that these students would get going to different cost institutions.

The costs shown for each type of institutions are the average tuition, fees, and room and board for each class of these institutions as reported by our National Center for Educational Statistics.

In case 1 the student having a zero family contribution going to a 4-year public institution where the cost, for example, might be $1,400 would receive an award under the basic grants program of $700. The reason for that is that the half-cost limitation on payments comes into play here. It says that no award should be greater than one-half the student's cost and therefore this student's award is reduced to $700.

The same limitation on payments comes into play on the 2-year public college costing $1,100. However, if that same student attends a 4-year private institution costing more than $2,800 he would be eligible for the full maximum award of $1,400 and in the $2,600 institution for that student the maximum would be reduced by the half-cost limitation on payments.

If you look further down on the chart in case 5, for example the half-cost limitation does not come into play in any of the cases we are showing here. It would not reduce the award for the student in any case and he would receive, no matter what kind of institution he attended, his maximum eligibility unless, of course, his cost of education would be less than, say, $840.

Mr. MUIRHEAD. Mr. Chairman, with your permission we would like to have those charts included in the record.

Mr. NATCHER. Without objection, it is so ordered.

AVAILABILITY OF LOANS

Mr. SMITH. Let us take a look here at averages. You can do lots of things with averages but very few are average. They are about all above average or below average. On this $876 average award for those in the low-income category, with a $629 average overall for BOG's, that is $41 less than they got in EOG's, but you are cutting down on direct loans also, so compare this year with what it would be under this budget, the average direct loan, NDEA loan.

Mr. MUIRHEAD. You are quite right in pointing out that we are cutting down on direct loans, but we are increasing the availability of loans through the guaranteed loan program.

Mr. SMITH. Those bank loans are of no benefit to most of these people in this lower income group. You all know that. We don't need to go through that again. If they come from a poor family, they don't get bank loans. That is just a fact. If they go to a community of a thousand people out in Iowa or somewhere that has a college with a thousand population with a little bank in the town, they will find that they are not making bank loans to people who come from New York or even northern Iowa.

We need direct loans, opportunity grants, and work-study, and try to figure out how the kid can secure a sufficient amount from the combination to go to school.

Mr. MUIRHEAD. I think, Mr. Smith, it is appropriate for us to point out the record of the guaranteed loan program quite clearly shows that young people from low-income families can and do receive bank loans.

Mr. SMITH. Three years ago I challenged you to come up with a list of the banks where these students can go that are being turned down and I have never seen the list. Will you get me that kind of list?

Mr. MUIRHEAD. I would be pleased to provide you that information. I will also provide you information indicating the hundreds of thousands of young people from low-income families that have, and are continuing to receive guaranteed loans.

[The information follows:]

Several hundred thousand students from low-income families have and are continuing to receive guaranteed loans. Over 1.7 million loans have gone to students from families with gross incomes under $6,000 since the beginning of the program. During the past two years, the record is as follows:

NUMBER OF GUARANTEED STUDENT LOANS

Gross Family Income	FY-71	Percent of All Loans	FY-72	Percent of All Loans
Under $3,000	130,836	12.1	148,243	11.8
3,000-5,999	176,249	16.3	203,520	16.2
TOTAL	307,085	28.4	351,763	28.0

The attached list contains the names of 724 Iowa banks, savings and loans, and other lenders who at some time have indicated a willingness to participate in the program through the signing of an agreement with a state agency or contract with the Office of Education. Some of these lenders have not made any student loans. In addition some of the lenders who have made loans in the past may not be currently making new loans.

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IA

LENDER NUMBER	C D	L T	LENDER NAME	LENDER ADDRESS	CITY	ZIP CODE	E C
804487	B	B	ACKLEY STATE BANK	PO BOX 185	ACKLEY	50601	F
819634	H	B	EXCHANGE STATE BANK		ADAIR	50002	F
803958	H	B	DALLAS COUNTY STATE BANK		ADEL	50003	H
812389	A	B	COMMERCIAL ST BK		AFTON	50830	F
804256	H	B	UNION BANK TRUST COMPANY		AGENCY	52530	A
819113	A	B	AINSWORTH STATE BANK	DRAWER 86	AINSWORTH	52201	F
812367	B	B	AKRON SVGS BK	BOX 165	AKRON	51001	F
812384	X	A	FIRST NATL BK OF AKRON		AKRON	51001	A
803889	W	B	ALBERT CITY SAVINGS BANK		ALBERT CITY	50510	F
818688	D	B	FIRST IOWA STATE BK	19 BENTON E	ALBIA	52531	F
804165	X	A	PEOPLES NATIONAL BANK	BOX 149	ALBIA	52531	F
803890	B	B	ALDEN STATE BANK		ALDEN	50006	F
804096	H	B	IOWA STATE BANK		ALGONA	50511	F
804204	K	B	SECURITY STATE BANK	1 E STATE ST	ALGONA	50511	F
818764	A	G	WEIDENHOFF EMPL C U	HIGHWAY 18 EAST	ALGONA	50511	J
819443	L	B	STATE BANK OF ALLISON	402 NORTH MAIN	ALLISON	50602	F
804188	L	E	SCANDIA SAVINGS LOAN ASSN	111 4TH STREET SOUTHEAST	ALTOONA	50009	H
812366	D	B	FIRST TR SVGS BK	BOX 37	ALTA	51002	F
812365	J	B	ALTA VISTA ST BK	BOX 1	ALTA VISTA	50603	F
817676	J	B	ALTON SAVINGS BANK		ALTON	51003	H
819346	W	B	ALTOONA STATE BANK	200 8TH STREET SE	ALTOONA	50009	F
812533	K	B	VALLEY ST BK		ALVORD	51230	A
814367	B	B	VALLEY ST BK		ALVORD	51230	J
824249	H	G	AMES CITY EMPLOYEES CREDIT UNION	203 EAST 5TH STREET	AMES	50010	J
814067	L	E	DES MOINES S L ASSN	525 MAIN ST	AMES	50010	A
813651	X	A	FIRST NATL BK	413 KELLOGG AVENUE PO BOX 607	AMES	50010	F
804475	D	G	HI WAY CREDIT UNION	PO BOX 807	AMES	50010	H
818662	B	G	NADL CREDIT UNION	BOX 73	AMES	50010	F
804259	W	H	UNION STORY TRUST SAVINGS BANK	450 MAIN ST	AMES	50010	F
804134	B	G	UNITED METHODIST MINISTERS SERV C U	BOX 1126 UNIVERSITY STATION	AMES	50010	H
804265	H	B	UNIVERSITY BANK TRUST COMPANY	2546 LINCOLN WAY	AMES	50010	A
803926	W	B	CITIZENS SAVINGS BANK	215 EAST MAIN BOX 148	ANAMOSA	52205	H
812395	B	B	ANDREW SVGS BK		ANDREW	52030	H
803894	H	B	ANITA STATE BANK	701 MAIN STREET BOX 248	ANITA	50020	F
813865	H	A	ANKENY NATIONAL BANK	305 ANKENY BOULEVARD	ANKENY	50021	F
803896	A	B	ANKENY STATE BANK	3RD CHERRY STS BOX 188	ANKENY	50021	F
819559	J	G	DEERE EMPLOYEES CREDIT UNION	9020 N W ORDNANCE RD	ANKENY	50021	F
813659	H	B	FIRST TR SVGS BK	BOX G	ANTHON	51004	F
820015	L	B	STATE SAVINGS BK		APLINGTON	50604	E
803911	B	B	CARROLL COUNTY STATE BANK		ARCADIA	51430	J
821117	X	B	AREDALE STATE BANK		AREDALE	50605	E

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IA

LENDER NUMBER	C D	L T	LENDER NAME	LENDER ADDRESS	CITY	ZIP CODE
803897	W	B	ARLINGTON STATE BANK		ARLINGTON	50606
824133	D	A	LAKES NATIONAL BANK		ARNOLDS PARK	51331
803858	L	B	ATLANTIC STATE BANK	BOX 199	ATLANTIC	50022
804273	B	B	FIRST WHITNEY BANK TRUST	301 CHESTNUT ST BOX 271	ATLANTIC	50022
812535	B	B	AUBURN SVGS BK		AUBURN	51433
804048	W	B	FIRST STATE BANK	PO BOX 149	AUDUBON	50025
804056	W	B	FIRST TRUST SAVINGS BANK	BOX 38	AURELIA	51005
804154	J	B	OELWEIN STATE BANK		AURORA	50607
823591	D	B	AVOCA STATE BANK	P O BOX 8	AVOCA	51521
822776	B	B	CITIZENS SVGS BK		AVOCA	51521
804174	M	B	PERRY STATE BANK		BAGLEY	50026
817598	J	B	BALDWIN SVGS BK	P O BOX 68	BALDWIN	52207
822083	H	B	FARMERS & TRADERS SVGS BANK	BOX 7	BANCROFT	50517
818263	W	B	FIRST STATE BANK		BATTLE CREEK	51006
824155	B	B	STATE SAVINGS BANK	0000000000000000000000000000000000	BAXTER	50028
813649	X	B	FARMERS ST BK	P O BOX 185	BAYARD	50029
821882	B	B	FARMERS SAVINGS BANK	BOX 8	BEAMAN	50609
803921	J	A	BEDFORD NATIONAL BANK	407 MAIN STREET BOX 237	BEDFORD	50833
819567	M	B	CITIZENS STATE BK AT BELLE PLAINE		BELLE PLAINE	52208
821753	D	B	BELLEVUE STATE BK	100 SOUTH 2ND STREET	BELLEVUE	52031
804049	L	B	FIRST STATE BANK	POST OFFICE BOX 39	BELMOND	50421
814493	B	B	BETTENDORF BK TR CO	1919 STATE ST	BETTENDORF	52722
817362	M	B	BLENCOE STATE BANK		BLENCOE	51523
803963	J	B	DAVIS COUNTY SAVINGS BANK	POST OFFICE BOX 35	BLOOMFIELD	52537
821156	L	B	EXCHANGE BANK	114 E JEFFERSON	BLOOMFIELD	52537
813648	A	B	BODE ST BK		BODE	50519
819661	R	G	BOONE COUNTY SCHOOLS C U	7TH CRAWFORD STS	BOONE	50036
822484	J	E	HAWKEYE SAVINGS LOAN ASSOCIATION	EIGHTH AND ARDEN STREETS	BOONE	50036
813993	W	B	FARMERS SAVINGS BANK	BOX 8	BOYDEN	51234
823903	H	B	BREDA SAVINGS BANK	PO BOX 18	BREDA	51436
823944	A	B	UNION STATE BK		BRIDGEWATER	50837
822041	H	B	PUBLIC SVGS BK OF BRIGHTON	101 W WASHINGTON ST	BRIGHTON	52540
818487	X	B	FIRST STATE BANK		BRITT	50423
812342	D	B	BANK OF BROOKS	BOX 117	BROOKS	50836
804069	H	B	FARMERS TRUST SAVINGS BANK		BUFFALO CTR	50424
803908	H	B	BURLINGTON BANK TRUST COMPANY	222 NORTH MAIN STREET	BURLINGTON	52601
803940	M	B	FARMERS MERCHANTS BANK	THIRD JEFFERSON STREETS	BURLINGTON	52601
804142	C	A	FIRST NATIONAL BANK	200 JEFFERSON ST BOX 1088	BURLINGTON	52601
813647	B	B	BURT SVGS BK		BURT	50522
824215	A	B	SOMERS SAVINGS BANK		CALLENDER	50523
824272	K	B	IOWA STATE BANK	BOX L	CALMAR	52132

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LENDER NUMBER	C D	L T	LENDER NAME	LENDER ADDRESS	CITY	ZIP CODE	E C
823433	W	B	CAMANCHE STATE BANK	9TH AVE & 5TH ST	CAMANCHE	52730	F
817361	X	B	STATE SVGS BANK		CANTRIL	52542	F
804379	B	B	HARTFORD CARLISLE SAVINGS BANK		CARLISLE	50047	H
803910	D	B	CARPENTER SAVINGS BANK	BOX 118	CARPENTER	50426	F
833912	X	B	CARROLL COUNTY STATE BANK	126 WEST 6TH STREET	CARROLL	51401	A
803943	L	B	COMMERCIAL SAVINGS BANK	627 NORTH ADAMS BOX 471	CARROLL	51401	A
804012	A	D	FIRST FED SAVINGS LOAN ASSN	702 N MAIN ST	CARROLL	51401	H
803952	J	B	COUNCIL BLUFFS SAVINGS BANK		CARSON	51525	A
814543	B	B	CASCADE STATE BK	234 1ST AVE WEST	CASCADE	52033	F
803613	M	B	SECURITY STATE BANK	BOX 305	CASEY	50048	F
803914	K	B	CEDAR FALLS TR SVGS BANK	222 WASHINGTON ST BOX 39	CEDAR FALLS	50613	F
804038	B	A	FIRST NATIONAL BANK	302-4 MAIN ST BOX 458	CEDAR FALLS	50613	H
812381	J	B	MIDWAY BK TR	P O BOX 567	CEDAR FALLS	50613	H
824113	D	L	BRENTON BK & TRUST CO	150 FIRST AVENUE NE	CEDAR RAPIDS	52402	E
815937	J	G	C R SQUARE D CREDIT UNION	3021 6TH STREET SW #5	CEDAR RAPIDS	52404	A
816331	K	F	CEDAR RAPIDS COMM SCHOOL EMPY C U	1119 2ND ST SE	CEDAR RAPIDS	[illegible]	F
803915	H	G	CEDAR RAPIDS POSTAL CREDIT UNION	PO BOX 1722	CEDAR RAPIDS	52410	H
821794	B	G	CHERRY BURRELL EMPL C U	808 WILSON AVE SW	CEDAR RAPIDS	52404	[illegible]
803942	B	A	CITY NATIONAL BANK	OLD MARION RD AT 42ND ST	CEDAR RAPIDS	52402	H
822751	D	J	COE COLLEGE	1220 1ST AVE N E	CEDAR RAPIDS	52402	E
803947	W	G	COLLINS EMPLOYEES CU	1150 OLD MARION RD N E	CEDAR RAPIDS	52402	H
818668	A	G	DEARBORN BRASS EMPLOYEES C U	1118 2ND ST SE	CEDAR RAPIDS	52401	A
[illegible]	D	D	FIRST FED S L ASSN	58 FIRST AVE NW	CEDAR RAPIDS	52407	E
819324	X	B	FIRST TRUST SAVINGS BANK	1201 3RD STREET SE	CEDAR RAPIDS	52401	F
820431	D	G	HARNCO EMPL CREDIT UNION	5020 J ST S W	CEDAR RAPIDS	52404	E
[illegible]	A	G	IMCO EMPLOYEES C U	1847 E AVE NE	CEDAR RAPIDS	52402	F
817295	B	G	IOWA NATL EMPL C U	POST OFFICE BOX 111	CEDAR RAPIDS	52401	H
820332	B	G	IOWA STEEL EMPL CU	400 12TH AVE SE	CEDAR RAPIDS	52403	[illegible]
810591	X	G	LIGHT COMPANY EMPLOYEES C U	417 FIRST AVE S E	CEDAR RAPIDS	52401	F
819659	M	A	MERCHANTS NATIONAL BANK	2ND AVE AND 3RD STREET SE	CEDAR RAPIDS	52401	F
818567	X	G	MUNICIPAL EMPLOYEES C U	200 CITY HALL	CEDAR RAPIDS	52401	F
819323	B	B	PENFORD EMPLOYEES CREDIT UNION	1140 C STREET SW	CEDAR RAPIDS	52404	J
818592	M	G	PENFORD EMPLOYEES FEDERAL CU	1140 C STREET S W	CEDAR RAPIDS	52404	F
822085	A	G	RAILROAD EMPL CR UNION	1118 SECOND ST SE	CEDAR RAPIDS	52401	[illegible]
819635	B	G	SPEEDER CREDIT UNION	606 14TH AVE SW	CEDAR RAPIDS	52404	F
814204	H	B	UNITED STATE BANK	129 16TH AVE SW	CEDAR RAPIDS	52404	F
819270	K	G	WILSON C R EMPLOYEES C U	POST OFFICE BOX 488	CEDAR RAPIDS	52406	F
[illegible]	W	B	IOWA STATE BANK TRUST COMPANY		CENTER POINT	52213	F
819510	K	A	CENTERVILLE NATIONAL BANK	100 EAST JACKSON STREET	CENTERVILLE	52544	F
822708	H	B	IOWA TRUST & SAVINGS BANK	200 N 13TH STREET	CENTERVILLE	52544	E
803434	W	B	CITY STATE BANK	417 E MAIN ST BOX B	CENTRAL CITY	52214	F

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LENDER NUMBER	C D	L T	LENDER NAME	LENDER ADDRESS	CITY	ZIP CODE	E C
412375	B	B	FIRST ST BK	917 BRADEN	CHARITON	50049	H
804144	W	A	NATIONAL BANK TRUST COMPANY	1017-21 BRADEN AVE BOX 331	CHARITON	50049	F
803924	B	A	CITIZENS NATIONAL BANK	208 N MAIN ST BOX 517	CHARLES CITY	50616	H
803946	B	B	COMMERCIAL TRUST SAVINGS	401 NORTH MAIN STREET	CHARLES CITY	50616	H
804042	X	B	FIRST SECURITY BANK TRUST COMPANY	PO BOX 431	CHARLES CITY	50616	F
419471	X	B	GOOSE LAKE SAVINGS BANK	BOX 6	CHARLOTTE	52731	A
803922	K	B	CHELSEA SAVINGS BANK	PO BOX 227	CHELSEA	52215	A
821196	X	E	SIOUX VALLEY S L ASSN	227 W MAIN ST BOX 30	CHEROKEE	51012	E
804235	D	B	STEELE STATE BANK	PO BOX 402	CHEROKEE	51012	A
824273	H	B	FIRST STATE BANK	0000000000000000000000000000000000	CHURDAN	50050	A
803935	L	B	CLARENCE SAVINGS BANK		CLARENCE	52216	H
804157	X	B	PAGE COUNTY STATE BANK	PO BOX 157	CLARINDA	51632	F
804244	B	A	FIRST NATIONAL BANK	120 1ST AVE NW PO BOX 268	CLARION	50525	H
804274	A	B	WRIGHT COUNTY STATE BANK		CLARION	50525	H
804693	X	B	IOWA STATE BANK	100 N MAIN STREET PO BOX 577	CLARKSVILLE	50619	F
820792	A	B	CLEAR LAKE BK TR CO		CLEAR LAKE	50428	F
803938	B	D	CLEAR LAKE FEDERAL SAV LOAN ASSN	17 SO 4TH ST	CLEAR LAKE	50428	F
803948	M	B	COMMUNITY STATE BANK	PO BOX 147	CLEAR LAKE	50428	H
803939	X	A	CLINTON NATIONAL BANK	235 6TH AVE S BOX 151	CLINTON	52732	A
803933	A	A	FIRST NATIONAL BANK	226 FIFTH AVE SOUTH	CLINTON	52732	F
820361	B	B	IOWA STATE SAVINGS BANK	122 MAIN AVE	CLINTON	52732	F
803941	A	B	CLUTIER STATE BANK		CLUTIER	52217	A
804122	X	B	LINN COUNTY STATE BANK		COGGON	52219	H
804156	B	B	PAGE COUNTY STATE BANK		COIN	51636	A
822086	W	B	FARMERS SAVINGS BANK		COLESBURG	52035	E
804015	J	A	FIRST NATIONAL BANK		COLFAX	50054	F
813566	H	B	STATE BK TR CO		COLO	50056	A
817595	X	B	COLUMBUS JUNCTION STATE BK	P O BOX 271	COLUMBUS JCTN	52738	H
823258	L	A	PEOPLES NATIONAL BANK	P O BOX 260	COLUMBUS JCT	52738	F
817359	W	B	FIRST STATE BANK	P O BOX 130	CONRAD	50621	F
804092	B	B	IOWA SAVINGS BANK		COON RAPIDS	50058	H
803951	L	B	CORALVILLE BANK TRUST COMPANY		CORALVILLE	52240	A
824576	L	B	UNIBANK & TRUST	POST OFFICE BOX 608	CORALVILLE	52240	E
820811	H	B	CORN BELT STATE BK	BOX 65	CORRECTIONVIL	51016	E
820783	B	B	CORWITH STATE BK		CORWITH	50430	E
804207	A	B	CITIZENS STATE BK	P O BOX 368	CORYDON	50060	H
824274	B	G	HI-PARISH CATHOLIC CREDIT UNION	111 NORTH 20TH STREET	COUNCIL BLUFF	51501	A
821055	K	E	BLUFFS SVGS LOAN	20 PEARL ST BOX 987	COUNCIL BLUFF	51501	E
803902	D	G	BLUFFS U/P EMPLOYEES CREDIT UNION		COUNCIL BLF	51501	A
803953	D	B	COUNCIL BLUFFS SAVINGS BANK	CORNER PEARL BROADWAY	COUNCIL BLF	51501	F
820446	L	D	FIRST FED S L ASSN	421 W BROADWAY	COUNCIL BLUFF	51501	E

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804031	J	A	FIRST NATIONAL BANK	500 W BROADWAY	COUNCIL BLF	51501
804234	J	B	STATE BANK AND TRUST	PEARL BROADWAY STREETS	COUNCIL BLF	51501
813646	H	B	PEOPLES SVGS BK		CRAWFORDSVL	52621
803955	X	B	CRESCO STAE BANK	114 N ELM BOX 317	CRESCO	52136
803956	M	B	CRESCO UNION SAVINGS BANK	PO BOX 57	CRESCO	52136
820035	X	D	FIRST FED S L ASSOC	301 NORTH PINE STREET	CRESTON	50801
804102	L	B	IOWA STATE SAVINGS BANK		CRESTON	50801
818583	X	B	CUMBERLAND SAVINGS BANK	BOX 198	CUMBERLAND	50843
803957	K	B	CYLINDER STATE BANK	BOX 37	CYLINDER	50528
803906	K	B	BRENTON STATE BANK		DALLAS CENTER	50063
819465	A	B	DANVILLE STATE SAVINGS BK	BOX 295	DANVILLE	52623
820316	B	D	CITIZENS FED SAV AND LN ASSN	PO BOX 4410	DAVENPORT	52808
[illegible]	H	D	FIRST FEDERAL SVGS LOAN ASSN	131 WEST 3RD ST	DAVENPORT	52801
804032	D	A	FIRST NATIONAL BANK	1600 BRADY STREET	DAVENPORT	52803
823990	K	G	OSCAR MAYER EMPLOYEES CREDIT UNION	1337 WEST 2ND STREET	DAVENPORT	52802
821902	J	L	SIEG CO RETIREMENT FUND	500 IOWA ST BOX 4230	DAVENPORT	52808
813645	K	B	IOWA STATE BK TR CO		DAYTON	50530
803963	X	B	DECORAH STATE BANK	POST OFFICE BOX 110	DECORAH	52101
822710	H	G	LUTHERAN CREDIT UNION	RT 5	DECORAH	52102
812340	L	B	SECURITY BK TR CO	BOX 107	DECORAH	52101
803965	K	B	DELHI SAVINGS BANK		DELHI	52223
803954	B	B	CRAWFORD COUNTY TRUST SAV BANK	11 N MAIN ST	DENISON	51442
804023	J	A	FIRST NATIONAL BANK	PO BOX 256	DENISON	51442
803966	H	B	DENVER SAVINGS BANK		DENVER	50622
803899	J	B	BANKERS TRUST COMPANY	607 LOCUST ST BOX 897	DES MOINES	50306
803929	A	B	CAPITAL CITY STATE BANK	EAST 5TH LOCUST ST	DES MOINES	50309
803516	B	A	CENTRAL NATIONAL BANK TRUST CO	LOCUST AT SIXTH AVE	DES MOINES	50310
821969	K	G	CREDIT UNION OF IOWA	3692 UNIVERSITY	DES MOINES	50472
814958	K	F	DES MOINES S L ASSN	210 6TH AVE	DES MOINES	50307
818879	A	G	DES MOINES TELCO CREDIT UNION	920 GRAND AVENUE	DES MOINES	50305
812361	B	G	DES MOINES WATER WORKS C U	408 FLEUR DR	DES MOINES	50321
803974	H	A	EAST DES MOINES NATIONAL BANK	E 14TH EUCLID STS	DES MOINES	50313
819214	A	G	ECONOMY FORMS EMPLOYEES C U	P O BOX D - E 14TH ST STATION	DES MOINES	50316
821943	W	G	EMPLOYEES MUTUAL C U	210 SEVENTH ST BOX 712	DES MOINES	50303
820317	K	F	FEDERAL EMPL CU	FEDERAL BLDG ROOM 525	DES MOINES	50309
818551	H	G	FIRESTONE CREDIT UNION	2ND NW HOFFMAN LANE	DES MOINES	50335
804013	W	B	FIRST FEDERAL STATE BANK	2401 UNIVERSITY AVENUE	DES MOINES	50311
818568	H	G	FIRST IOWA CREDIT UNION	3206 UNIVERSITY AVE	DES MOINES	50311
999714	D	L	HIGHER EDUCATION FACILITIES COMM	1300 DES MOINES BUILDING	DES MOINES	50309
824275	A	B	HIGHLAND PARK STATE BANK	303 EUCLID AVENUE	DES MOINES	50313
823207	L	D	HOME FED SVGS & LOAN OF DES MOINES	SIXTH & GRAND	DES MOINES	50307

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LENDER NUMBER	C D	L T	LENDER NAME	LENDER ADDRESS	CITY	ZIP CODE
817284	H	G	INDEPENDENT SCHOOL DIST C U	1900 GRAND AVE	DES MOINES	50307
806099	J	A	IOWA DES MOINES NATIONAL BANK	CORNER SIXTH AVENUE WALNUT STRE	DES MOINES	50304
823962	D	M	IOWA RURAL REHABILITATION CORP	LUCAS STATE OFFICE BUILDING	DES MOINES	50319
821947	A	B	IOWA STATE BANK	E 7TH AT LOCUST	DES MOINES	50309
818678	L	G	MACHINISTS DISTRICT 118 C U	2200 WALKER STREET	DES MOINES	50317
804145	L	A	NATIONAL BANK OF DES MOINES	2940 INGERSOLL AVENUE	DES MOINES	50300
804149	X	A	NORTHWEST DES MOINES NATIONAL BANK	2605 BEAVER AVENUE	DES MOINES	50310
812383	B	B	PLAZA ST BK	301 MERLE HAY PLAZA	DES MOINES	50322
822084	B	D	POLK COUNTY FED SVGS & LOAN ASSN	SEVENTH & HIGH ST	DES MOINES	50308
804217	L	A	SOUTH DES MOINES NATIONAL BANK	SOUTHWEST NINTH MCKINLEY AVENUE	DES MOINES	50315
804262	M	D	UNITED FEDERAL SAVINGS LOAN ASSN	4515 FLEUR DRIVE	DES MOINES	50321
814057	M	E	UNITED S L ASSN	LOCUST AT FOURTH	DES MOINES	50308
821174	K	G	V A CREDIT UNION	C/O VETERANS ADM HOSPITAL	DES MOINES	50310
804267	W	B	VALLEY BANK TRUST COMPANY	FOURTH WALNUT STREETS	DES MOINES	50300
803961	D	B	DEWITT BK TR CO		DEWITT	52742
819296	M	B	FIRST CENTRAL STATE BK	914 6TH AVE	DEWITT	52742
812374	D	B	FIRST ST BK	BOX A	DIAGONAL	50845
812562	K	B	IOWA SVGS BK		DIKE	50624
804115	A	B	LINCOLN SAVINGS BANK		DINSDALE	50624
818765	W	B	FIRST TRUST SAVINGS BK		DIXON	52745
814644	M	B	CITIZENS STATE BK	BOX 130	DONNELLSON	52625
812502	M	B	VALLEY ST BK		DOON	51235
814464	X	B	FARMERS TRADERS SVGS BK	BOX 174	DOUDS	52551
804209	L	B	SHEFFIELD SAVINGS BANK		DOUGHERTY	50433
[illegible]	M	B	FARMERS STATE BANK	BOX 427	DOWS	50071
803093	K	B	AMERICAN TRUST SAVINGS BANK	NINTH MAIN STREETS	DUBUQUE	52001
803964	A	B	DUBUQUE BANK TR CO	1398 CENTRAL AVE BOX 778	DUBUQUE	52001
822569	W	G	DUBACO EMPLOYEES CU	1465 SYCAMORE STREET BOX 447	DUBUQUE	52001
804033	B	A	FIRST NATIONAL BANK	LOCUST AT SEVENTH	DUBUQUE	52001
822550	B	B	KEY CITY BANK & TRUST CO	1275 MAIN ST	DUBUQUE	52001
819565	D	B	STATE BANK OF DUMONT		DUMONT	50625
804164	B	B	PEOPLES BANK TRUST COMPANY		DUNKERTON	50626
813643	X	B	DUNLAP SVGS BK		DUNLAP	51529
812354	A	B	LIBERTY TR SVGS BK		DURANT	52747
803970	B	A	DYERSVILLE NATIONAL BANK		DYERSVILLE	52040
804011	B	B	FIDELITY BANK TRUST COMPANY	131 2ND ST N E	DYERSVILLE	52040
813642	B	B	DYSART STATE BK	BOX M 301 MAIN ST	DYSART	52224
803971	X	B	EAGLE GROVE STATE BANK	POST OFFICE BOX 105	EAGLE GROVE	50533
804194	A	B	SECURITY SAVINGS BANK	201 W BROADWAY	EAGLE GROVE	50533
803972	M	B	EARLHAM SAVINGS BANK		EARLHAM	50072
820727	L	B	FARMERS TR SVGS BK		EARLING	51530

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LENDER NUMBER	C D	L T	LENDER NAME	LENDER ADDRESS	CITY	ZIP CODE	E C
813641	D	B	STATE BK OF EARLVILLE	BOX 157	EARLVILLE	52041	F
803573	K	B	EARLY SAVINGS BANK	BOX 17	EARLY	50535	H
818757	W	A	FIRST NATIONAL BANK OF ELDON		ELDON	52554	H
804068	B	B	HARDIN COUNTY SAVINGS BANK	PO BOX 311	ELDORA	50627	F
803920	X	B	CENTRAL TRUST SAVINGS BANK	202 N SECOND ST BOX 200	ELDRIDGE	52748	H
803975	B	B	ELGIN STATE BANK	BOX 235	ELGIN	52141	F
803918	W	B	CENTRAL STATE BANK	PO BOX 758	ELKADER	52043	H
819536	A	B	PEOPLES SAVINGS BANK		ELMA	50628	F
818524	M	B	EMERSON STATE BANK		EMERSON	51533	F
804104	D	B	IOWA TRUST SAVINGS BANK	PO LOCK BOX 271	EMMETSBURG	50536	H
804159	K	B	PALO ALTO COUNTY STATE BANK		EMMETSBURG	50536	H
824290	B	G	EMMET COUNTY PUBLIC EMPLOY C U	620 22ND AVENUE NORTH	ESTHERVILLE	51334	A
803976	A	B	EMMET COUNTY STATE BANK	BOX 37	ESTHERVILLE	51334	F
804163	J	B	IOWA TR SAVINGS BANK	1 NORTH 6TH ST BOX 671	ESTHERVILLE	51334	H
803977	W	B	EVERLY STATE BANK		EVERLY	51338	H
803578	L	B	EXCHANGE STATE BANK	PO BOX 65	EXIRA	50076	H
812369	H	B	FAIRBANK ST BK		FAIRBANK	50629	H
803979	J	B	FAIRFAX STATE SAVINGS BANK	BOX 277	FAIRFAX	52228	F
804017	B	A	FIRST NATIONAL BANK	P O BOX 1007	FAIRFIELD	52556	A
804098	A	B	IOWA STATE BANK TRUST COMPANY	BOX 927	FAIRFIELD	52556	F
822878	A	E	JEFFERSON CNTY SVGS & LN ASSO	58 EAST BURLINGTON	FAIRFIELD	52556	E
822183	L	J	PARSONS COLLEGE		FAIRFIELD	52556	E
822876	H	B	FARMERSBURG SVGS BK		FARMERSBURG	52047	E
819470	B	B	SECURITY SAVINGS BANK		FARNHAMVILLE	50538	H
804223	A	B	STATE BANK	PO BOX 188	FAYETTE	52142	H
812353	B	A	FIRST NATL BK	BOX 399	FONDA	50540	A
820947	J	B	STATE SVGS BK		FONTANELLE	50846	J
804058	J	B	FOREST CITY BANK TRUST COMPANY	PO BOX 32	FOREST CITY	50436	F
819211	K	G	FESCO CREDIT UNION	2827 8TH AVENUE SOUTH	FORT DODGE	50501	A
820362	A	D	FIRST FED S L ASSN	1029 CENTRAL AVE	FORT DODGE	50501	E
804034	X	A	FIRST NATIONAL BANK	18 N 9TH ST	FORT DODGE	50501	H
804080	W	G	HORMEL EMPLOYEES CREDIT UNION	13TH SOUTH 3RD STREET	FORT DODGE	50501	H
804221	H	B	STATE BANK	1207 CENTRAL AVENUE	FORT DODGE	50501	F
804261	X	B	UNION TRUST SAVINGS BANK	723 FIRST AVENUE SOUTH	FORT DODGE	50501	H
804059	D	B	FORT MADISON BK TR CO	701 AVENUE G & 7TH STREET	FORT MADISON	52627	F
804095	K	B	IOWA STATE BANK	AVE G 9TH ST BOX 306	FORT MADISON	52627	H
819531	L	B	LEE COUNTY SAVINGS BANK	801 AVE G	FORT MADISON	52627	H
803983	B	B	FARMERS SAVINGS BANK		FOSTORIA	51340	H
803997	B	C	FARMERS SAVINGS BANK	BOX B	FREDERIKA	50631	H
817855	X	B	LEE COUNTY SVGS BK	AVE G 7TH ST BX 329	FT MADISON	52627	J
804355	A	B	FIRST TRUST SAVINGS BANK	PO BOX 111	GALVA	51020	F

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804061	H	B	GARNAVILLO SAVINGS BANK		GARNAVILLO	52049	F
803989	B	B	FARMERS SAVINGS BANK	BOX 100	GARWIN	50632	H
804062	B	A	GEORGE STATE BANK	PO BOX 129	GEORGE	51237	H
816056	A	B	GIBSON SAVINGS BANK		GIBSON	50104	H
804260	B	B	UNION STORY TRUST SAVINGS BANK		GILBERT	50105	A
812534	D	B	GILBERTSVILLE SVGS BK		GILBERTVILLE	50634	F
821026	J	B	CITIZENS SAVINGS BK		GILMAN	50106	F
804087	K	B	HUMBOLDT TRUST SAVINGS BANK		GILMORE CITY	50541	A
819215	W	B	GLENWOOD STATE BANK	32 N WALNUT	GLENWOOD	51534	A
813640	J	A	FIRST NATL BK	P O BOX 309	GLIDDEN	51443	H
821090	A	B	GOLDFIELD STATE BK		GOLDFIELD	50542	E
819641	K	B	GOOSE LAKE SAVINGS BANK	GOOSE LAKE POST OFFICE	GOOSE LAKE	52750	A
816060	M	B	FIRST STATE BANK		GOWRIE	50543	F
804063	A	B	GRAETTINGER STATE BANK	BOX 8	GRAETTINGER	51342	H
813639	R	B	PEOPLES TR SVGS BK	BOX 55	GRAND JCT	50107	H
818565	K	B	UNION SAVINGS BANK	BOX 227	GRAND MOUND	52751	A
804907	H	B	BRENTON STATE BANK		GRANGER	50109	A
819561	K	B	HOSPERS SAVINGS BANK		GRANVILLE	51022	A
820836	M	H	PRODUCERS SAVINGS BK		GREEN MT	50637	J
804052	K	B	FIRST STATE BANK	BOX G	GREENE	50636	H
803488	A	B	ADAIR COUNTY STATE BANK	BOX 299	GREENFIELD	50849	F
804900	L	B	BANKERS TRUST COMPANY		GRIMES	50111	H
804064	W	B	GRINNELL STATE BANK	BOX 329	GRINNELL	50112	F
804182	M	A	POWESHIEK COUNTY NATIONAL BANK	833 FOURTH AVENUE	GRINNELL	50112	H
803987	J	B	FARMERS SAVINGS BANK	PO BOX 175	GRUNDY CENTER	50638	H
813638	H	A	GRUNDY NATL BK	POST OFFICE BOX 235	GRUNDY CENTER	50638	H
804066	J	B	GUTHRIE COUNTY STATE BANK		GUTHRIE CTR	50115	H
804198	D	B	SECURITY STATE BANK		GUTTENBERG	52052	F
818748	A	C	IOWA STATE BANK	BOX 110	HAMBURG	51640	A
804018	K	A	FIRST NATIONAL BANK	PO LOCK DRAWER 71	HAMPTON	50441	H
804067	D	B	HAMPTON STATE BANK	PO BOX 151	HAMPTON	50441	H
804210	X	B	SHEFFIELD SAVINGS BANK		HANSELL	50643	A
804069	X	A	HARLAN NATIONAL BANK	POST OFFICE BOX 720	HARLAN	51537	F
822020	B	D	HOME FED S & L ASSN	712 DURANT ST	HARLAN	51547	E
804212	K	B	SHELBY COUNTY STATE BANK	DRAWER 29	HARLAN	51537	H
804071	A	B	HARTWICK STATE BANK		HARTWICK	52232	F
818067	K	B	FARMERS STATE BANK	801 CENTRAL BOX 232	HAWARDEN	51023	H
804019	W	B	FIRST STATE BANK	PO BOX 111	HAWARDEN	51023	F
812533	J	B	CITIZENS SVGS BK	BOX 334	HAWKEYE	52147	H
818557	D	B	HAYESVILLE SAVINGS BANK	POST OFFICE BOX 7	HAYESVILLE	52562	H
804073	L	B	HEDRICK SAVINGS BANK	BOX 217	HEDRICK	52563	H

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LENDER NUMBER	C D	L T	LENDER NAME	LENDER ADDRESS	CITY	ZIP CODE	E C
804076	B	B	HILLS BANK TRUST COMPANY	MAIN STREET	HILLS	52235	H
821340	L	B	HILLSBORO SAVINGS BK		HILLSBORO	52630	F
816085	H	B	HOLSTEIN STATE BANK		HOLSTEIN	51025	H
812359	B	B	CITIZENS ST BK	P O BOX 8	HOPKINTON	52237	H
804081	L	B	HOSPERS SAVINGS BANK	BOX 85	HOSPERS	51238	F
804206	B	B	SECURITY STATE BANK		HUBBARD	50122	H
804164	B	B	HUDSON STATE BANK	PO BOX 317	HUDSON	50643	F
804097	B	B	IOWA STATE BANK	BOX N	HULL	51239	H
822224	X	A	FIRST NATIONAL BANK	15 TAFT N	HUMBOLDT	50548	E
804085	X	B	HUMBOLDT TRUST SAVINGS BANK	PO BOX 37	HUMBOLDT	50548	H
819088	B	G	POWER CO-OP EMPLOYEES CREDIT UNION	CORN BELT POWER COOPERATIVE	HUMBOLDT	50548	H
804242	J	B	CITIZENS STATE BANK	PO BOX 238	HUMESTON	50123	J
804088	H	B	IDA COUNTY STATE BANK	BOX 111	IDA GROVE	51445	H
812561	M	B	FARMERS ST SVGS BK	DRAWER 229	INDEPENDENCE	50644	H
804199	B	B	SECURITY STATE BANK		INDEPENDENCE	50644	H
814059	H	E	DES MOINES S L ASSN	101 E SALEM	INDIANOLA	50125	A
804170	J	B	PEOPLES TRUST SAVINGS BANK		INDIANOLA	50125	F
804270	M	B	WARREN COUNTY BANK TRUST COMPANY	BOX 157	INDIANOLA	50125	F
804041	B	B	FIRST SECURITY BANK TRUST		IONIA	50645	F
824957	B	D	FIRST FED S & L ASSN - CEDAR RAPIDS	P O BOX 1250	IOWA CITY	52240	E
804020	A	A	FIRST NATIONAL BANK	204 EAST WASHINGTON STREET	IOWA CITY	52240	H
804072	W	B	HAWKEYE STATE BANK	22 SOUTH DUBUQUE	IOWA CITY	52240	A
804100	A	B	IOWA STATE BANK TRUST COMPANY		IOWA CITY	52240	F
803927	L	B	CITIZENS STATE BANK	BOX 1021	IOWA FALLS	50126	A
804091	D	B	IOWA FALLS STATE BANK	601 WASHINGTON AVE BOX 1005	IOWA FALLS	50126	F
804192	H	B	SECURITY SAVINGS BANK		IRETON	51027	A
812358	D	B	FARMERS SVGS BK	P O BOX 216	IRWIN	51446	F
804175	K	B	PERRY STATE BANK		JAMAICA	50128	A
804232	W	B	STATE BANK OF WAVERLY		JANESVILLE	50647	A
804078	M	B	HOME STATE BANK	BOX 351	JEFFERSON	50129	F
804108	K	B	JEFFERSON STATE BANK	112 EAST STATE STREET	JEFFERSON	50129	H
804306	L	B	FARMERS STATE BANK	601 YOUNG ST	JESUP	50648	F
813575	B	G	SAINT ATHANASIUS C U	725 PURDY STREET	JESUP	50648	H
822073	D	B	FARMERS STATE BANK		JEWELL	50130	E
820342	M	B	FARMERS SAVINGS BANK		JOICE	50446	A
803994	L	B	FARMERS SAVINGS BANK	402 B AVENUE BOX K	KALONA	52247	F
804109	H	B	KALONA SAVINGS BANK	PO BOX K	KALONA	52247	H
804110	L	B	KELLOGG SAVINGS BANK		KELLOGG	50135	A
815653	L	D	KEOKUK FED S L ASSN	20 N 4TH ST	KEOKUK	52632	A
804111	J	B	KEOKUK SAVINGS BANK TRUST COMPANY	501 MAIN ST BOX 388	KEOKUK	52632	H
804205	M	B	SECURITY STATE BANK	429 MAIN ST	KEOKUK	52632	F

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819446	B	B	STATE CENTRAL SAVINGS BANK	601 MAIN STREET BOX 847	KEOKUK	52632	H
834007	J	B	FARMERS STATE BANK	BOX 247	KEOSAUQUA	52565	H
803990	H	B	FARMERS SAVINGS BANK		KEOTA	52248	H
804094	M	B	IOWA STATE BANK		KESLEY	50649	H
804113	D	B	KEYSTONE SAVINGS BANK	PO BOX D	KEYSTONE	52249	H
812379	H	A	LANDMANDS NATL BK	BOX 201	KIMBALLTON	51543	H
812152	H	B	KINGSLEY ST BK	BOX 465	KINGSLEY	51028	H
804114	K	B	KIRON STATE BANK	PO BOX 155	KIRON	51448	H
804035	M	A	FIRST NATIONAL BANK	BOX 270	KLEMME	50449	H
804101	W	B	IOWA STATE SAVINGS BANK	222 E ROBINSON ST BOX 111	KNOXVILLE	50138	H
820945	W	E	MARION CO S L ASSN	106 E MAIN ST	KNOXVILLE	50138	E
812507	W	B	ANDREW SVGS BK		LA MOTTE	52054	A
804115	M	B	LA PORTE CITY STATE BANK	300 MAIN ST	LA PORTE CITY	50651	H
804171	D	B	PEOPLES TRUST SAVINGS BANK		LACONA	50139	A
818758	L	B	LAKE CITY STATE BANK	BOX 7	LAKE CITY	51449	H
813637	K	B	FARMERS MERCHANTS ST BK	106 W MAIN	LAKE MILLS	50450	H
812364	L	B	SECURITY ST BK		LAKE PARK	51347	A
804001	K	B	FARMERS STATE BANK	PO BOX 428	LAKE VIEW	51450	H
822655	M	J	GRACELAND COLLEGE		LAMONI	50140	E
804224	W	B	STATE BANK		LAMONI	50140	H
804112	D	B	KERNDT BROTHERS SAVINGS BANK	PO BOX 325	LANSING	52151	H
804190	M	B	SECURITY SAVINGS BANK	PO BOX 6	LARCHWOOD	51241	H
816059	J	B	LATIMER STATE BANK	BOX 698	LATIMER	50452	H
804116	K	B	LAURENS STATE BANK		LAURENS	50554	H
812387	H	B	FIRST TR SVGS BK		LAWTON	51030	H
824254	J	G	BLUE BUNNY EMPLOYEES CREDIT UNION	121 SECOND AVENUE SOUTHEAST	LE MARS	51031	A
804025	B	A	FIRST NATIONAL BANK		LE MARS	51031	H
804117	H	B	LE MARS SAVINGS BANK	PO BOX 1008	LE MARS	51031	I
818561	A	G	NIPCO CREDIT UNION	BOX 1011	LE MARS	51031	H
804037	H	A	FIRST NATIONAL BANK	101 NORTH MAIN STREET	LENOX	50851	H
803962	B	B	DECATUR COUNTY STATE BANK		LEON	50144	H
804118	B	B	LIBERTYVILLE SAVINGS BANK		LIBERTYVILLE	52567	H
804120	D	B	LINCOLN SAVINGS BANK		LINCOLN	50652	A
820383	B	B	LISBON BK TR CO.	BOX 157	LISBON	52253	H
820343	K	B	LIVERMORE STATE BANK	PO BOX 128	LIVERMORE	50558	E
819100	W	A	THE FIRST NATIONAL BK OF LOGAN	323 EAST SEVENTH STREET	LOGAN	51546	H
820054	B	B	LOHRVILLE SAVINGS BANK		LOHRVILLE	51453	H
823722	B	B	FARMERS & MERCHANTS SAVINGS BANK	P O BOX 375	LONE TREE	52755	E
804123	M	B	LONE TREE SAVINGS BANK	BOX 278	LONE TREE	52755	J
812508	L	B	COMMERCIAL ST BK		LORIMOR	50149	A
819347	L	B	AMERICAN TRUST SAVINGS BK	309 MCKINLEY	LOWDEN	52255	H

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804195	W	B	SECURITY STATE BANK	PO BOX 56	LU VERNE	50560	A
804124	K	B	LUANA SAVINGS BANK		LUANA	52156	H
804054	R	B	FIRST STATE BANK		LYNNVILLE	50153	H
804126	B	C	LYTTON SAVINGS BANK		LYTTON	50561	H
817287	W	B	CITY STATE BANK	105 EAST 2ND ST	MADRID	50156	H
804165	L	B	GRINNELL STATE BANK		MALCOM	50157	A
803982	H	B	FARMERS MERCHANTS SAVINGS BANK	MAIN FRANKLIN STREET	MANCHESTER	52057	H
804046	H	B	FIRST STATE BANK		MANCHESTER	52057	H
804128	W	B	MANILLA STATE BANK	BOX 355	MANILLA	51454	H
804129	L	B	MANLY STATE BANK	BOX 220	MANLY	50456	H
817288	L	A	FIRST NATL BANK	401 MAIN ST	MANNING	51455	H
812569	X	B	MANNING TR SVGS BK	BOX 345	MANNING	51455	H
815058	L	B	MANSON STATE BANK	BOX 346	MANSON	50563	H
804044	K	B	FIRST STATE BANK	402 MAIN ST	MAPLETON	51034	H
804130	X	B	MAPLETON TRUST SAVINGS BANK	P O BOX 5	MAPLETON	51034	H
804106	X	B	JACKSON STATE SAVINGS BANK	120 S MAIN ST	MAQUOKETA	52060	H
814495	M	B	MAQUOKETA STATE BK	203 N MAIN	MAQUOKETA	52060	H
813636	M	B	CITIZENS ST BK		MARATHON	50565	H
804043	M	B	FIRST SECURITY BANK TRUST COMPANY		MARBLE ROCK	50653	A
804104	A	B	FARMERS STATE BANK	106 CEDAR	MARCUS	51035	H
804389	B	C	IOWA COUNTY SAVINGS BANK		MARENGO	52301	H
804002	H	B	FARMERS STATE BANK	1240 8TH AVENUE	MARION	52302	H
803944	J	B	COMMERCIAL STATE BANK	101 EAST MAIN STREET	MARSHALLTOWN	50158	H
821479	B	G	LENNOX EMPL C U	200 SO 12TH AVE	MARSHALLTOWN	50158	F
804191	K	B	SECURITY SAVINGS BANK	11 NORTH FIRST AVENUE	MARSHALLTOWN	50158	H
815450	B	B	FARMERS SVGS BK	MILITARY ST	MARTELLE	52305	H
824300	M	G	CHICAGO NORTHWESTERN EMPLOYEES C U	1507 PLYMOUTH	MASON CITY	50401	A
815514	L	G	CITY EMPL C U	115 S WASHINGTON BOX 141	MASON CITY	50401	H
804021	W	A	FIRST NATIONAL BANK	5 NORTH FEDERAL AVENUE	MASON CITY	50401	H
814635	J	D	MUTUAL FED S L ASSN	16 FIRST STREET NORTHWEST	MASON CITY	50401	H
820693	K	G	PARK EMPL C U	116 NO WASHINGTON	MASON CITY	50401	A
804252	B	G	TRADES LABOR CREDIT UNION	510 SOUTH PENN AVE	MASON CITY	50401	H
804263	K	B	UNITED HOME TRUST COMPANY	25 WEST STATE STREET	MASON CITY	50401	H
803986	L	B	FARMERS SAVINGS BANK		MASSENA	50853	H
804150	R	B	NORTHWESTERN STATE BANK		MAURICE	51036	A
804131	M	B	MAXWELL STATE BANK		MAXWELL	50161	H
820812	B	B	MAYNARD SAVINGS BK		MAYNARD	50655	F
813565	K	B	STATE BK TR CO		MC CALLSBURG	50154	A
824299	K	H	FIRST STATE BANK	000000000C00000000000000000000	MCGREGOR	52157	A
804133	H	B	MEDIAPOLIS SAVINGS BANK	PO BOX 246	MEDIAPOLIS	52637	H
818736	M	B	MELBOURNE SAVINGS BANK	BOX 57	MELBOURNE	51062	H

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813635	X	B	SECURITY STATE BANK	BOX F	MENLO	50164	H
804135	A	B	MILES SAVINGS BANK	P O BOX 8	MILES	52064	H
803967	B	B	DICKINSON COUNTY SAVINGS BANK	POST OFFICE BOX 124	MILFORD	51351	H
804172	B	B	PEOPLES TRUST SAVINGS BANK		MILO	50166	A
820344	H	H	DALLAS COUNTY SAVINGS BANK	PO BOX 205	MINBURN	50167	H
819264	B	B	MINGO TRUST AND SAVINGS BANK	P O BOX 149	MINGO	50160	H
804014	L	A	FIRST NATIONAL BANK	400 E ERIE ST BOX 29	MISSOURI VLY	51555	H
818428	X	B	PEOPLES STATE BANK	411 E ERIE BOX 149	MISSOURI VLY	51555	H
803984	A	B	FARMERS SAVINGS BANK		MITCHELLVILLE	50169	A
812373	J	B	MODALE SVGS BK	BOX 7	MODALE	51556	H
814056	X	B	MODALE SVGS BK		MODALE	51556	J
820363	W	B	MONDAMIN SAVINGS BANK	PO BOX C	MONDAMIN	51557	H
804258	A	B	UNION STATE BANK		MONONA	52159	H
812378	K	B	MONTEZUMA ST BK		MONTEZUMA	50171	H
804166	M	B	PEOPLES SAVINGS BANK		MONTEZUMA	50171	H
804137	L	B	MONTICELLO STATE BANK	102 W FIRST	MONTICELLO	52310	H
817600	B	B	MOOREHEAD STATE BK	P O BOX 86	MOORHEAD	51558	H
824508	W	B	IOWA STATE BANK	0000000000000000000000000000000	MORNING SUN	52640	E
803959	B	B	DAVIS COUNTY SAVINGS BANK		MOULTON	52572	A
812509	J	B	FIRST TR SVGS BK		MOVILLE	51039	H
804200	D	B	SECURITY STATE BANK		MT AYR	50854	H
804074	J	B	HENRY COUNTY SAVINGS BANK	BOX 249	MT PLEASANT	52641	H
820942	H	G	MHI CREDIT UNION	1200 E WASHINGTON	MT PLEASANT	52641	E
804139	D	B	MOUNT PLEASANT BK TR CO	102 S MAIN	MT PLEASANT	52641	H
804140	K	B	MOUNT VERNON BANK TRUST COMPANY	P O BOX 188	MT VERNON	52314	H
803917	A	B	CENTRAL STATE BANK	301 IOWA AVE	MUSCATINE	52761	H
804141	H	A	FIRST NATL BK	100 WEST SECOND STREET	MUSCATINE	52761	H
816987	M	B	FIRST NASHUA ST BANK	302 MAIN	NASHUA	50658	H
815625	H	B	FARMERS MERCHANTS ST BANK	BOX 108	NEOLA	51559	H
815712	W	B	FARMERS MERCHANTS STATE BK	BOX 198	NEOLA	51559	J
804147	D	A	NEVADA NATIONAL BANK	BOX 59	NEVADA	50201	H
812357	J	B	STATE BK TR CO	BOX 327	NEVADA	50201	H
814613	L	B	NEW ALBIN SVGS BK		NEW ALBIN	52160	H
804196	L	B	SECURITY STATE BANK	PO BOX 22	NEW HAMPTON	50659	H
812510	M	B	LIBERTY TR SVGS BK		NEW LIBERTY	52765	A
815491	A	B	NEW LONDON ST BK	169 MAIN ST BOX 115	NEW LONDON	52645	H
804238	M	B	TAINTOR SAVINGS BANK	PO BOX 27	NEW SHARON	50207	H
824330	L	L	NEW VIENNA SAVINGS BANK	POST OFFICE BOX 10	NEW VIENNA	52065	E
812506	A	B	NORWALK CUMMING ST BK		NEW VIRGINIA	50210	H
819297	K	A	FIRST NATL BK OF NEWELL		NEWELL	50568	H
804107	M	B	JASPER COUNTY SAVINGS BANK	112 W 2ND ST SOUTH	NEWTON	50208	H

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804248	H	A	NEWTON NATIONAL BK	POST OFFICE BOX 489	NEWTON	50208	H
804053	H	B	FIRST STATE BANK	26 W CONGRESS	NORA SPRINGS	50458	H
813634	H	B	FARMERS SVGS BK		NORTH ENGLISH	52316	H
814426	B	B	NORTHWOOD STATE BK	BOX 7	NORTHWOOD	50459	H
812376	X	B	NORWALK CUMMING ST BK	BOX 144	NORWALK	50211	H
820464	L	B	BENTON COUNTY SAVINGS BK		NORWAY	52318	H
812372	L	B	CITIZENS ST BK	BOX 68	OAKLAND	51560	H
804152	W	B	OCHEYEDAN SAVINGS BANK	BOX 7	OCHEYEDAN	51354	F
818815	X	B	ODEBOLT STATE BANK	100 SOUTH MAIN STREET	ODEBOLT	51458	H
804022	L	A	FIRST NATIONAL BANK	PO BOX 620	OELWEIN	50662	F
804153	L	B	OELWEIN STATE BANK	25 N FREDRICK BOX 591	OELWEIN	50662	H
818594	K	B	ONAWA STATE BANK	BOX 430 1030 10TH ST	ONAWA	51040	H
813633	D	C	ORAN SVGS BK	BOX 67	ORAN	50664	A
804151	A	B	NORTHWESTERN STATE BANK		ORANGE CITY	51041	H
804077	X	E	HOME SAVINGS LOAN ASSN	722 MAIN STREET	OSAGE	50461	H
804079	K	B	HOME TRUST SAVINGS BANK	PO BOX 150	OSAGE	50461	H
821034	J	A	OSAGE FARMERS NATL BK	BOX 70	OSAGE	52255	E
803936	J	B	CLARKE COUNTY STATE BANK		OSCEOLA	50213	H
824084	M	B	OSCEOLA STATE BANK & TRUST CO	1000 MC LANE STREET	OSCEOLA	50213	F
804105	B	B	IOWA TRUST SAVINGS BANK	101 HIGH AVENUE WEST	OSKALOOSA	52577	F
804127	A	B	MAHASKA STATE BANK	124 SOUTH 1ST ST	OSKALOOSA	52577	H
804155	D	B	OSSIAN STATE BANK		OSSIAN	52161	A
803964	M	F	DEERE EMPLOYEES FEDERAL CREDIT UN	C/O JOHN DEERE OTTUMWA WORKS	OTTUMWA	52501	H
804024	D	A	FIRST NATIONAL BK	PO BOX 220	OTTUMWA	52501	H
818594	H	G	OTTUMWA RAILROAD EMPLOYEES C U	511 LEIGHTON ST	OTTUMWA	52501	A
804213	J	B	SOUTH OTTUMWA SAVINGS BANK	332 CHURCH ST	OTTUMWA	52501	H
804255	K	B	UNION BANK TRUST CO	P O BOX 558	OTTUMWA	52501	F
823001	B	B	FIRST TRUST & SAVINGS BANK	P O BOX F	OXFORD	52322	E
821241	B	B	FARMERS SAVINGS BK		PACKWOOD	52580	H
804158	M	B	PALMER STATE BANK	PO BOX 107	PALMER	50571	H
819660	A	B	PALO SAVINGS BANK		PALO	52324	F
804160	W	B	PANORA STATE BANK		PANORA	50216	F
804161	L	B	PARKERSBURG STATE BANK		PARKERSBURG	50665	H
803950	W	B	COMMUNITY STATE BANK		PATON	50217	H
821031	A	J	CENTRAL UNIVERSITY OF IOWA	812 UNIVERSITY	PELLA	50219	E
818850	H	B	MARION COUNTY STATE BK	600 MAIN ST	PELLA	50219	H
804162	J	A	PELLA NATIONAL BANK	POST OFFICE BOX 147	PELLA	50219	F
804040	D	A	FIRST NATIONAL BANK OF PERRY	POST OFFICE BOX 8	PERRY	50220	H
804173	X	B	PERRY STATE BANK	1202 SECOND STREET P O BOX 129	PERRY	50220	H
804176	H	B	PETERSON STATE BANK	BOX 235	PETERSON	51047	F
819475	B	B	FARMERS SAVINGS BANK		PIERSON	51048	H

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818669	W	B	PILOT GROVE SAVINGS BANK	BOX 5	PILOT GROVE	52648	H
804177	B	B	PISGAH SAVINGS BANK	BOX 548	PISGAH	51564	H
817358	A	B	FARMERS STATE BANK	BOX 58	PLAINFIELD	50666	H
812456	L	B	PLEASANTVILLE ST BK	602 WASHINGTON BOX 190	PLEASANTVILLE	50225	H
803945	D	B	COMMERCIAL STATE BANK	BOX 127	POCAHONTAS	50574	H
804178	A	B	POCAHONTAS STATE BANK		POCAHONTAS	50574	H
804179	W	B	POLK CITY SAVINGS BANK		POLK CITY	50226	H
804180	B	B	POMEROY STATE BANK		POMEROY	50575	A
804229	X	B	STATE BANK OF PORTSMOUTH		PORTSMOUTH	51565	H
803929	D	B	CITIZENS STATE BANK		POSTVILLE	52162	H
812532	L	B	STATE BK OF PRARIE CITY	BOX 291	PRAIRE CITY	50228	H
818773	W	A	FIRST NATIONAL BANK OF PRAIRIE CITY		PRAIRIE CITY	50228	H
814619	J	A	FIRST NATL BK	BOX 5	PRESCOTT	50859	A
819511	H	B	PRIMGHAR SAVINGS BANK	P O BOX 457	PRIMGHAR	51245	H
803991	B	B	FARMERS SAVINGS BANK		PRINCETON	52768	H
818803	L	B	BOHEMIAN SAVINGS BANK	BOX 17	PROTIVIN	52163	H
804201	B	B	SECURITY STATE BANK		RADCLIFFE	50230	H
818774	L	B	RANDALL STATE BANK		RANDALL	50231	H
816057	W	B	READLYN SVGS BANK		READLYN	50668	H
804082	J	B	HOUGHTON STATE BK	116 COOLBAUGH ST	RED OAK	51566	H
804136	W	A	MONTGOMERY COUNTY NATIONAL BANK	PO BOX 378	RED OAK	51566	H
804121	B	B	LINCOLN SAVINGS BANK		REINBECK	50669	H
821805	L	A	FIRST NATL BANK	BOX 37	REMBRANDT	50576	E
803985	W	B	FARMERS SAVINGS BANK	216 WASHINGTON ST BOX 597	REMSEN	51050	H
804057	L	B	FIRST TRUST SAVINGS BANK	174 SO WASHINGTON ST	REMSEN	51050	H
814961	J	B	RENWICK SVGS BK	P O BOX 159	RENWICK	50577	H
804026	X	A	FIRST NATIONAL BANK	POST OFFICE BOX F	RICEVILLE	50466	H
812363	W	B	FARMERS ST BK	BOX 25	RIDGEWAY	52165	H
814544	A	A	FIRST NATL BK		RIPPEY	50235	H
804184	H	B	RIPPEY SAVINGS BANK		RIPPEY	50235	H
804125	H	B	LYON COUNTY STATE BANK		ROCK RAPIDS	51246	H
804185	B	B	ROCK RAPIDS STATE BANK	BOX 551	ROCK RAPIDS	51246	H
812371	W	B	VALLEY ST BK	BOX 175	ROCK VALLEY	51247	H
813632	J	B	COMMUNITY ST BK	BOX 67	ROCKWELL	50469	H
804143	A	A	NATIONAL BANK	PO BOX 32	ROCKWELL CITY	50579	H
804257	B	B	UNION STATE BANK	4TH COURT ST	ROCKWELL CITY	50469	H
812377	M	B	ROLAND ST BK	P O BOX 257	ROLAND	50236	H
815629	L	B	ROLFE STATE BANK		ROLFE	50581	H
804275	W	B	WRIGHT COUNTY STATE BANK		ROWAN	50470	A
820969	H	B	ROWLEY SVGS BK	BOX 204	ROWLEY	52329	E
819265	A	B	HOME STATE BANK	POST OFFICE BOX 177	ROYAL	51357	H

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812505	B	B	FIRST ST BK OF CHARITON		RUSSELL	50238	A
804186	A	B	RUTHVEN STATE BANK		RUTHVEN	51358	H
813564	M	B	CITIZENS STATE BK		RYAN	52330	A
803925	A	B	CITIZENS SAVINGS BANK	DRAWER 510	SAC CITY	50583	H
804187	W	B	SAC CITY STATE BANK	500 MAIN STREET PO DRAWER 510	SAC CITY	50583	H
804230	B	B	STATE BANK OF SCHALLER		SCHALLER	51053	H
804005	W	B	FARMERS STATE BANK	PO BOX 318	SCHLESWIG	51461	H
804193	B	B	SECURITY SAVINGS BANK	PO BOX 426	SCRANTON	51462	H
823469	L	B	PIONEER VALLEY SAVINGS BANK	401 4TH STREET	SERGEANT BLUF	51054	E
821123	D	B	SEYMOUR STATE BK		SEYMOUR	52590	E
812504	H	B	FIRST ST BK OF DIAGONAL		SHANNON CITY	50861	A
804211	M	B	SHEFFIELD SAVINGS BANK	BOX 96	SHEFFIELD	50475	H
803995	J	B	FARMERS SAVINGS BANK	BOX 61	SHELBY	51570	H
803928	J	B	CITIZENS STATE BANK	308 9TH ST	SHELDON	51201	H
804197	J	B	SECURITY STATE BANK	934 THIRD AVE	SHELDON	51201	H
822752	K	G	SHELDON PRODUCTION CR UN	BOX 10	SHELDON	51201	E
812370	A	B	SECURITY ST BK		SHELL ROCK	50670	H
824527	D	B	SECURITY TRUST & SVGS BANK	617 W SHERIDAN AVENUE	SHENANDOAH	51601	E
804245	X	A	FIRST NATIONAL BANK		SIBLEY	51249	H
804213	H	B	SIBLEY STATE BANK	BOX 96	SIBLEY	51249	H
804060	K	B	FREMONT COUNTY SAVINGS BANK		SIDNEY	51652	H
804246	M	A	FIRST NATIONAL BK OF SIOUX CENTER	242 N MAIN AVENUE	SIOUX CENTER	51250	H
804027	M	A	FIRST NATIONAL BANK	501 PIERCE ST	SIOUX CITY	51100	H
829318	M	D	HOME FEDERAL SAV AND LOAN	PIERCE AT SEVENTH	SIOUX CITY	51101	H
804138	J	B	MORNINGSIDE STATE BANK	1901 MORNINGSIDE AVE BOX 2728	SIOUX CITY	51106	H
816274	B	A	NORTHWESTERN NATIONAL BK	801 CUNNINGHAM DR	SIOUX CITY	51107	H
817289	J	A	NORTHWESTERN NATIONAL BK	STOCK YARD STATION	SIOUX CITY	51107	J
812355	W	G	S C DIST TELCO C U	509 9TH ST	SIOUX CITY	51101	H
804189	J	A	SECURITY NATIONAL BANK	607 PIERCE ST	SIOUX CITY	51101	H
822002	J	G	SIOUX CITY TEACHERS C U	2604 PIERCE ST	SIOUX CITY	51103	E
804251	D	A	TOY NATIONAL BANK	4TH NEBRASKA	SIOUX CITY	51109	H
813631	L	B	VALLEY ST BK	3009 HAMILTON BLVD	SIOUX CITY	51104	H
821120	W	B	FIRST STATE BK	123 MAIN	*SIOUX RAPIDS	50585	E
824077	B	B	SLATER STATE BANK	101 STORY STREET	SLATER	50244	E
820919	B	B	SLOAN STATE BK		SLOAN	51055	E
821275	H	B	SOLDIER VALLEY SVGS BK	BOX 163	SOLDIER	51572	E
804214	B	B	SOLON STATE BANK		SOLON	52333	H
804216	W	B	SOMERS SAVINGS BANK		SOMERS	50586	H
812369	M	B	WHITE ST BK	BOX 68	SOUTH ENGLISH	52335	H
803937	D	A	CLAY COUNTY NATIONAL BANK	PO BOX 430	SPENCER	51301	H
804010	H	B	FARMERS TRUST SAVINGS BANK	323 GRAND AVE	SPENCER	51301	H

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822891	K	D	N W FEDERAL SVGS & LN ASSN	101 WEST 5TH	SPENCER	51301
812396	K	A	SPENCER NATL BK	POST OFFICE BOX 1188	SPENCER	51301
804219	D	D	SPENCER SAVINGS LOAN ASSN	515 GRAND AVENUE	SPENCER	51301
820309	X	G	BERKELEY EMPL CU	509 22ND ST	SPIRIT LAKE	51360
804225	L	B	STATE BANK	1902 HILL BOX 111	SPIRIT LAKE	51360
803952	A	B	FARMERS SAVINGS BANK		SPRAGUEVILLE	52074
820813	A	B	EXCHANGE STATE BK		SPRINGVILLE	52336
804220	K	B	ST ANSGAR STATE BANK	237 W 4TH ST BOX 218	ST ANSGAR	50472
812362	A	B	STACYVILLE SVGS BK		STACYVILLE	50476
821602	K	B	FARMERS STATE BANK		STANHOPE	50246
804203	M	B	SECURITY STATE BANK	PO BOX C	STANTON	51573
822159	D	B	UNION TRUST & SVGS BANK		STANWOOD	52337
805919	L	B	CENTRAL STATE BANK	PO BOX V	STATE CENTER	50247
819662	L	A	FIRST NATIONAL BK OF ELDORA	CORNER WASHINGTON AT 14 STREET	STEAMBOAT RK	50672
820193	X	B	IOWA STATE BANK		STOCKPORT	52551
803923	H	A	CITIZENS FIRST NATIONAL BANK	P O BOX 1227	STORM LAKE	50588
803947	X	B	COMMERCIAL TRUST SAVINGS BANK	DRAWER 549	STORM LAKE	50588
804208	W	B	SECURITY TRUST SAVINGS BANK	601 LAKE DRAWER 429	STORM LAKE	50588
823154	B	L	STORM LAKE PRODUCTION CREDIT ASSN	P O BOX 250	STORM LAKE	50588
804236	B	B	STORY COUNTY STATE BANK	522 BROAD	STORY CITY	50248
812385	M	B	FARMERS SVGS BK	BOX 381	STRATFORD	50249
804254	M	B	UNION BANK TRUST CO		STRAWBERRY PT	52076
812531	W	B	FIRST STATE BK	BOX M	STUART	50250
817472	L	B	KELLOGG SVGS BK		SULLY	50251
804128	K	A	FIRST NATIONAL BANK	106 W 1ST ST	SUMNER	5
804202	X	B	SECURITY STATE BANK		SUTHERLAND	51058
804237	X	B	SWEA CITY STATE BANK		SWEA CITY	50590
804239	K	B	TAINTOR SAVINGS BANK		TAINTOR	50253
804240	W	B	TAMA STATE BANK	201 W 3RD ST	TAMA	52339
820319	K	E	TEEDS GROVE SAVINGS BANK		TEEDS GROVE	52771
804241	L	B	TEMPLETON SAVINGS BANK	BOX 98	TEMPLETON	51463
804165	H	B	PEOPLES STATE BANK	BOX 7	THOMPSON	50478
804086	M	B	HUMBOLDT TRUST SAVINGS BANK	BOX 46	THOR	50591
804047	A	B	FIRST STATE BANK		THORNTON	50479
804249	B	B	THURMAN STATE SAVINGS BANK	BOX 535	THURMAN	51654
820320	W	E	TINGLEY STATE SAVINGS BANK		TINGLEY	50863
804250	J	B	TIPTON STATE BANK	102 E 5TH ST	TIPTON	52772
821088	X	B	TITONKA SAVINGS BK		TITONKA	50480
804231	A	B	STATE BANK OF TOLEDO		TOLEDO	52342
818816	M	B	FARMERS SAVINGS BANK TRAER IOWA	511 SECOND ST	TRAER	50675
804039	A	B	FIRST COMMUNITY BANK & TRUST	BOX 756	TRAER	50675

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820321	L	B	TREYNOR STATE BANK	PO BOX A	TREYNOR	51575	H
803691	X	B	AMERICAN SAVINGS BANK	PO BOX 5	TRIPOLI	50676	H
818586	H	B	URBANA SAVINGS BANK		URBANA	52345	H
823933	M	H	BRENTON BANK & TRUST COMPANY	7031 DOUGLAS AVENUE	URBANDALE	50322	E
804266	A	B	UTE STATE BANK		UTE	51060	H
804268	L	B	VAN HORNE SAVINGS BANK	BOX 99	VAN HORNE	52346	A
813630	W	B	VENTURA ST BK		VENTURA	50482	A
803598	X	B	FARMERS SAVINGS BANK		VICTOR	52347	H
814686	J	B	VICTOR STATE BK	BOX 194	VICTOR	52347	H
804148	B	A	NODAWAY VALLEY NATIONAL BANK	PO BOX 144	VILLISCA	50864	H
803940	B	B	CLUTIER STATE BANK		VINING	52348	A
819445	D	B	BENTON COUNTY BK AND TR COMPANY	BOX 112 101 W FOURTH STREET	VINTON	52349	H
804226	J	B	STATE BANK OF VINTON	BOX 389	VINTON	52349	H
818775	J	B	WEST BURLINGTON SAVINGS BANK	101 BROADWAY BOX 100	W BURLINGTON	52655	H
819376	M	B	WEST BURLINGTON SAVINGS BANK	101 BROADWAY	W BURLINGTON	52655	A
822223	B	A	FIRST NATL BANK	228 5TH	W DES MOINES	50265	E
812559	L	B	WEST DES MOINES STATE BK	125 GRAND AVE BOX 70	W DES MOINES	50265	H
812368	X	B	FARMERS SVGS BK	BOX 131	WALFORD	52351	H
821369	D	B	WALKER STATE BANK		WALKER	52352	E
804269	J	B	WALL LAKE SAVINGS BANK	202 MAIN ST	WALL LAKE	51466	H
804222	B	B	STATE BANK		WAPELLO	52653	H
804247	K	A	NATIONAL BANK OF WASHINGTON	102 EAST MAIN STREET PO BOX 7	WASHINGTON	52353	H
821219	W	B	WASHINGTON STATE BANK		WASHINGTON	52353	E
804521	M	G	CHAMBERLAIN CORP C U		WATERLOO	50704	H
820806	W	D	FIRST FED S L ASSN	408 E FOURTH ST	WATERLOO	50703	E
820807	L	E	HOME S L ASSN	420 W FOURTH ST	WATERLOO	50704	E
814560	A	G	JOHN DEERE EMPL C U	400 WESTFIELD	WATERLOO	50704	A
804146	J	A	NATIONAL BANK OF WATERLOO	110 E PARK AVE	WATERLOO	50703	H
804163	D	B	PEOPLES BANK TRUST CO	419 W 4TH ST	WATERLOO	50704	H
820345	B	E	PEOPLES MUTUAL SAVGS AND LN ASSN	PO BOX 880	WATERLOO	50704	E
820943	B	F	TITLS EMPL C U	HWY 20 WEST BOX 211	WATERLOO	50704	J
814055	B	B	WATERLOO SVGS BK	533 COMMERCIAL	WATERLOO	50704	H
819125	H	B	WATKINS SAVINGS BK	POST OFFICE BOX 121	WATKINS	52354	H
803964	X	B	BRENTON STATE BANK		WAUKEE	50263	E
803981	K	B	FARMERS MERCHANTS SAVINGS BANK		WAUKON	52172	H
804271	K	B	WAUKON STATE BANK	PO BOX 30	WAUKON	52172	H
804029	H	A	FIRST NATIONAL BANK	PO BOX 118	WAVERLY	50677	H
804233	L	B	STATE BANK OF WAVERLY	PO BOX 58	WAVERLY	50677	H
804272	H	B	WAYLAND STATE BANK	STATE BANK	WAYLAND	52654	H
803931	H	B	CITIZENS STATE BANK		WEBB	51366	H
804243	D	A	FARMERS NATIONAL BANK	635 FIRST	WEBSTER CITY	50595	H

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LENDER NUMBER	C D	L T	LENDER NAME	LENDER ADDRESS	CITY	ZIP CODE	E C
804050	X	B	FIRST STATE BANK	PO BOX 177	WEBSTER CITY	50595	F
817320	K	L	TERESA TREAT STEARNS TR	635 1ST ST & FARMERS NATL BK	WEBSTER CITY	52355	H
820817	D	B	WELLMAN SAVINGS BK	BOX A	WELLMAN	52356	E
804167	K	B	PEOPLES SAVINGS BANK		WELLSBURG	50680	F
814454	H	B	EXCHANGE STATE BK	BOX 65	WESLEY	50483	H
804051	M	B	FIRST STATE BANK	PO BOX 275	WEST BRANCH	52358	A
823592	B	B	WEST BRANCH STATE BANK	P O BOX 518	WEST BRANCH	52358	E
821211	D	B	WEST CHESTER SVGS BK		WEST CHESTER	52359	E
815968	B	B	WEST LIBERTY ST BANK		WEST LIBERTY	52776	F
815524	D	B	FARMERS SVGS BK	206 NORTH VINE	WEST UNION	52175	H
806030	L	A	FIRST NATIONAL BANK	PO DRAWER 233	WEST UNION	52175	H
813629	K	B	WESTSIDE STATE SVGS BK	BOX 77	WESTSIDE	51467	A
818749	W	B	FIRST TRUST SAVINGS BK		WHEATLAND	52777	H
803949	K	B	COMMUNITY STATE BANK	BOX 265	WHITING	51063	F
804008	D	B	FARMERS STATE BANK		WHITTEMORE	50598	H
818486	B	B	WILLIAMS SAVINGS BANK	POST OFFICE BOX 68	WILLIAMS	50271	H
815708	X	B	FARMERS TRUST AND SAVINGS BANK		WILLIAMSBURG	52361	H
814496	K	B	WILTON SVGS BK	BOX 556	WILTON JUNCTION	52778	H
820814	W	B	PEOPLES STATE BK		WINFIELD	52659	E
820837	K	B	FARMERS MERCHANTS STATE BK	DRAWER 29	WINTERSET	50273	E
819475	A	B	UNION STATE BANK	BOX 110	WINTERSET	50273	H
804169	B	B	PEOPLES STATE BANK	PO BOX 98	WINTHROP	50682	H
803935	M	B	BRENTON STATE BANK		WOODWARD	50276	A
804728	B	B	STATE BANK	POST OFFICE BOX 98	WORTHINGTON	52078	F
803930	K	B	CITIZENS STATE BANK	BOX B	WYOMING	52362	H
803994	M	B	FARMERS STATE BANK		YALE	50277	F
804253	K	B	TRI COUNTY STATE BANK		ZEARING	50278	F

A	NATIONAL BANK	82	B	STATE BANK - FDIC	526	C	STATE BANK - NON-FDIC	5
D	FED SAVINGS AND LOAN	19	E	STATE SAVGS AND LOAN	15	F	FEDERAL CREDIT UNION	4
G	STATE CREDIT UNION	57	H	MUTUAL SAVINGS BANK	4	I	INSURANCE COMPANY	0
J	ACADEMIC INSTITUTION	4	K	DIRECT STATE LOAN	0	L	OTHER	6

STATE COUNT 724

DIRECT STUDENT LOANS

Mr. SMITH. How much less will the average direct loan be? How much was the average direct loan this year?

Mr. MUIRHEAD. The average direct loan was about $550.

Mr. SMITH. How much will it be under the 1974 budget?

Mr. VOIGT. We are expecting that about $180 million will be available for direct loans.

Mr. SMITH. What will that yield in current average with the same number of students?

Mr. VOIGT. It is hard to estimate what the distribution of students will be for the $180 million.

Dr. OTTINA. Assume the same number of students roughly.

Mr. SMITH. This year you have how much money in direct loans?

Dr. OTTINA. $286 million.

Mr. SMITH. How much was in the revolving this year?

Mr. VOIGT. Loan repayments amounted to $230 million. Total lendable funds came to $431 million.

Mr. SMITH. So there was $431 million and you are proposing that they have the $180 million next year instead. That is about 40 percent as much for direct loans.

Mr. MUIRHEAD. That includes $23.6 million in new Federal capital contributions obligated late in 1973 for use in 1973–74.

Mr. SMITH. So they will get a lot less there, and they would not get any EOG's; is that right?

Mr. MUIRHEAD. Our contention, Mr. Smith, is that basic opportunity grant serves the same purpose as the EOG's.

COLLEGE WORK-STUDY

Mr. SMITH. What about work-study this year compared with the 1974 budget?

Dr. OTTINA. 1973?

Mr. SMITH. 1974.

Dr. OTTINA. 1973–74, same.

Mr. SMITH. No; this school year compared with the school year that we covered in 1972—you are going to have about the same.

Dr. OTTINA. It is $270 million for this year, that is, academic year 1972–73, $250 million for academic year 1973–74 and $250 million for 1974–75.

EXAMPLES OF AID AVAILABLE TO POOR STUDENTS

Mr. SMITH. Let us go to some individual examples. I am kind of crowded for time and I know other members want to ask some questions here.

Let us take a look at some of the poorer students. I had them pull 92 EOG recipients out who had gotten the maximum EOG and direct loan. They got $1,000 of each. They got $1,000 EOG, $1,000 direct, $400 work-study, making $2,400 and the balance they had to raise personally and from the college resources.

What can they get under this 1974 program for that kind of a student?

Mr. VOIGT. For that kind of student assuming he got the full EOG, we can assume he also has close to zero family contribution, so he would clearly get the $1,400 maximum award.

Mr. SMITH. What else would he get?

Mr. VOIGT. He would be eligible for college work-study programs. He could get the same as he did before, receive a portion of the $800 and some million that is available at the moment in institutions at the control of the institutions for student assistance. He could receive a portion of the $180 million that will be available from direct loans. He could receive State scholarships of which there are, I think, more than $320 million or $330 million available.

Mr. SMITH. So in direct loans on average it is going to come out he is going to get $400 instead of the $1,000. That is 40 percent. So that leaves him $600 short. There is a $150 to $200 increase in the cost of going to school. So now he is $800 behind if he was one of these 92 sample cases.

Dr. OTTINA. In your statement it seemed to me he got $2,400 under the old program and $2,200 under the new program.

Mr. SMITH. He got $1,000 EOG. He will receive $1,400 in a BOG if he receives the maximum. And then he is going to get $400 instead of the $1,000 on direct loans.

Dr. OTTINA. Yes, sir, and then the work-study.

Mr. SMITH. He will get the same both years, won't he?

Dr. OTTINA. Yes, sir.

Mr. SMITH. So that $1,800 compares to $2,400?

Dr. OTTINA. $1,400, plus the $400, sir.

Mr. SMITH. Yes, you are right; and four is 22.

Dr. OTTINA. Versus $2,400 in the original case.

Mr. SMITH. Then he has a $200 increase which makes him $400 behind.

Mr. VOIGT. I think we cannot, particularly with the changes that are taking place in the guaranteed loan program, easily dismiss the possibility of that student getting a guaranteed loan. Our statistics indicate that over 35 percent of these students aided by the guaranteed loan program came from families wih incomes under $7,500.

Mr. SMITH. In these 92 cases they did not receive guaranteed loans. I don't believe the college would have given the maximum NDEA if they could have arranged a guaranteed loan.

Mr. VOIGT. But I think it would be available to them. In addition, because of the inclusion of the needs test, the student will now have when he goes to the lending institution, a certified statement by the educational institution that he actually needs the money for his education, which is something that he did not have before. We expect that this will result in the loans being considerably more accessible.

Mr. SMITH. He starts out here at $400 behind provided he gets the $1,400.

Mr. MUIRHEAD. Mr. Smith, he starts out $400 behind because he has a much smaller direct loan but if he were to take the same loan burden or the same loan level that he had the year before he wouldn't start out behind.

AVAILABILITY OF BANK LOANS TO LOW-INCOME STUDENTS

Mr. SMITH. I know but he doesn't have the opportunity in many of these cases and I challenge you to find me the bank that these students can go to borrow this money. You are not going to come up with it any more than you did 3 years ago.

Mr. MUIRHEAD. Mr. Smith, we just have to report to you that these kids that we are talking about from these family-income levels are indeed getting bank loans.

Mr. SMITH. I have talked to a lot of school people just this week and I challenge you to convince them of that, too. Let us move on. We don't have much time to argue that point. That is just a difference of opinion.

But now, assume he is eligible for a $1,400 BOG less family contribution. Now, we take these examples. We had one yesterday, a widow and five children, and with a $3,000 income. She has to contribute $625, so instead of $1,400 he is going to get in that case $775.

Then we had the father and mother with two children and a $9,893 income and they contribute $640, $15 more, and so in that case he is going to receive $760 instead, so there is another $600 plus that he is behind. Now he is $1,000 behind in those examples.

Mr. MUIRHEAD. The examples you are giving are completely accurate but it is also fair to point out that in arriving at that amount of award for these students that the same basic principles for determining financial need are being used now by the colleges, so that we are following by and large the same basic principles in BOG's that are being followed in EOG's.

USE OF COMPUTERS IN THE BOG PROGRAM

Mr. SMITH. The difference is that in this case you are proposing that he go to a computer using those average figures and if the computer shows that the family should contribute a certain amount, his mother in this case, the widow with five children, $625, that is it. But, if he goes to a financial aid officer he can on the spot say, "This is an exception." The computer doesn't make any exceptions.

Mr. VOIGT. That is true but we are assuming in the programs and in the resources that are available to the student financial aid officer that that flexibility will remain.

Mr. SMITH. How much flexibility do they have when they only have 40 percent as much direct loan money to be flexible with. They don't have the additional money that they need to be flexible with.

Mr. MUIRHEAD. No. They have their own institutional fund with which to be flexible. They have the college work-study fund with which to be flexible.

Mr. SMITH. Those have already been used in these examples. That was the balance over and above $2,400, private institution funds. That is $1,100 of those kinds of funds that are used.

Mr. MUIRHEAD. I guess what we are reporting is if we have a limited amount of funds to help young people with grants for higher education we have to devise some way that will be consistent in making those awards to young people.

Mr. SMITH. In these examples that we have, you are talking about putting something into effect right away as far as the $622 million in the supplemental is concerned and that affects whether we have $959 million in the 1974 bill.

SAMPLE CASE INVOLVING WIDOW WITH FIVE CHILDREN

As we go down through these examples I would like to ask—I don't know for sure just what the interpretation here is. We have this example of the widow with five children. She has a $3,002 income. If she gets it from social security, is that included as income under your regulations?

Mr. VOIGT. That would be included as income.

Mr. SMITH. If she gets it from a private insurance policy is it included?

Mr. MUIRHEAD. Yes.

Mr. SMITH. Where in your regulations is that included?

Mr. VOIGT. That was in the other income category. We first ask for the adjusted gross income as reported on the income tax return. We then ask each of the families for any other income that is not taxed. This is a system that is designed in all cases to look at the total resources of the family.

Mr. SMITH. Regardless of whether it is from social security, from working at the store, or from a private insurance, she has the $3,000 effective family income. She has a family size offset of $5,700, and now what about inclusion of the child's income? If the child gets money from social security, $600 a year for the purpose of going to school, is that included in the family income at this point?

Mr. VOIGT. No; that is included as a direct part of the family contribution. That is treated the same as one-half of the veteran's benefits paid for education.

Mr. SMITH. That is the veteran's?

Mr. VOIGT. Yes.

Mr. SMITH. I am talking about social security now.

Mr. MUIRHEAD. They are treated the same way.

Mr. VOIGT. However, if the student has other income, which most students do, we do not include that in the family contribution determination.

Mr. SMITH. In determining the total family income do you include the $600 that the student receives? I am talking about in the total family income now.

Mr. VOIGT. No. In terms of calculating the family contribution we do not include it as part of the income. We include that as a later step in the calculation.

Mr. SMITH. Can he deduct the amount?

Mr. VOIGT. Yes, sir.

Mr. SMITH. Then you have an employment offset of half in this case of the income and ends up with no contribution in this case from family income?

Mr. VOIGT. That is correct.

Mr. SMITH. She has a $20,000 equity in a house, probably more like $27,500, but say $20,000, and her husband died and left mortgage insurance. He bought the house a few years ago and it increased in value. All she really has is a $20,000 equity in the house. Subtract a reserve of $7,500 under your formula and that leaves $12,500 in available assets. From that she is expected to contribute $625?

Mr. VOIGT. Five percent.

Mr. SMITH. She cannot do this, obviously. Anybody can tell you that. So that is another $625 that that boy or girl is not going to get.

What kind of a quick appeal system or way do you have of correcting for this kind of situation?

Mr. VOIGT. Our assumption is for this kind of situation, which is an unusual case, we would not have an appeal system. We would have other appeal systems for cases where the family income decreases over the base year in which the calculation of family contribution is figured. In cases like this we are not anticipating an appeal process. We are assuming there is enough flexibility in the institution and through other sources to——

Mr. SMITH. I am pointing my comments at unusual—if you want to call it that—but that is the category all of these people with less than $3,500 are in. Those are the ones we also especially need to be concerned about and they are the ones going to receive the brunt of this changeover if you do this as you propose.

Mr. VOIGT. By and large, the way we treat most of the families in the under $3,500 category, we come very close in our proposed system to the results of the services and the systems in use at the moment. We do not take into account the student's expected summer earnings.

SAMPLE CASE INVOLVING MIDDLE-INCOME FAMILY

Mr. SMITH. Then I have this example of a father and mother with two children, $9,000 aftertaxes income, and their expected contribution is almost the same. Obviously this is an unfair situation. There will be thousands of these examples, maybe not in some communities where they are either all rich or poor. But, for example, in Iowa, 80 percent of the people are in the middle. I have got to be concerned about that kind of situation. That is a very unfair situation that will arise in thousands of cases.

Are your regulations not able to take care of this because the law does not permit it, or do you not have regulations drafted to take care of it?

TREATMENT OF ASSETS

Mr. VOIGT. There are a number of difficulties in this whole thing. Clearly it boils down to the question of how one treats assets in trying to make distinctions between different classes of assets. The analysis of the services in the past attempted to do so. Both of the major services have now switched to a different treatment of assets, with some extent ours, in that they all treat a dollar of assets as a dollar of assets, regardless of whether a widow's home or farm equity or on stocks and bonds.

Mr. SMITH. Let us take the case of the home because that is going to be a common one. With a lot of people that is all they have, an equity in the house. Did the law require you to treat the equity in a house as an asset but permit you to ignore jewelry and antiques?

Mr. VOIGT. The question began with the treatment of assets is very hard because once you start getting into things like jewelry——

Mr. SMITH. No question. But did the law require it or not?

Mr. VOIGT. No, sir.

Dr. Ottina. The law required we take into consideration assets but it does not go into that.

Mr. Smith. You are going to include the equity in a house whether it is a $20,000 equity or $200,000 equity, but you are going to ignore jewelry, a home full of antiques, other kinds of personal property?

Mr. Voigt. That is correct. I think our assumption is that the kind of families that do have large amounts of jewelry and which do have homes full of antiques would not be eligible in any case because they would be eliminated by the expectation rates from their income and other assets from those that we do include.

BOG COMPARED WITH EOG

Mr. Smith. Getting to another question, BOG's cover many more institutions than EOG's, is that correct?

Mr. Voigt. Yes, sir.

Mr. Smith. What is the relative figure?

Mr. Voigt. Our current estimate is that the number of institutions will rise approximately about 1,500 institutions.

Mr. Smith. 3,000 compared to 4,500?

Mr. Voigt. Yes, sir.

Mr. Smith. Is there a way under the law that we could appropriate BOG's for the 1,500 not previously covered by EOG's? By law?

Mr. Voigt. I think not specifically. I think the appropriation would be one appropriation. The grant follows the student and——

Mr. Smith. Obviously it is desirable to have some program for that 1,500 institutions but we don't want to destroy the programs we now have for the 3,000 in order to try to cover that 1,500.

Dr. Ottina. There may be a misunderstanding. I believe Mrs. Green could help us. The new SEOG's make essentially the same 4,500 eligibility there as well.

Mrs. Green. There is one point being overlooked. Would you yield for a second?

I would ask you to reproduce every one of these charts exactly as you have them here with EOG funded at $959 million. Then we will place chart by chart in the record. I know no one expects EOG at the $959 million level, but you are presenting the charts on the basis that BOG is superior. Mr. Smith asked the question under EOG the man would get 1,000 and under full funding $1,400 under BOG. If there were full funding, wouldn't he get $1,500 under EOG? That seems to me a very important thing that you have not mentioned.

[The following information was supplied for the record:]

There is a statutory limitation for the SEOG program (formerly EOG) that authorizes to be appropriated $200,000,000 for the fiscal year 1973 initial academic year of a supplemental grant and for each of the succeeding fiscal years ending prior to July 1, 1975. In addition to the sums authorized to be appropriated for the initial academic year of a supplemental grant, there are authorized to be appropriated such sums as may be necessary for payment to institutions of higher education for use by such institutions for making continuing supplemental grants.

The gross request by institutions for SEOG, initial year grants and continuing grants for fiscal year 1974 (academic year 1973–74) to $555,093,827. If this gross request were to be funded, it would support grants to 826,032 students at the present $670 per student average grant. The distribution of SEOG's by family income categories would be as follows:

Family income	Estimated number of students	Percentage of students
0 to $2,999	254,418	30.8
$3,000 to $5,999	346,107	41.9
$6,000 to $7,499	126,382	15.3
$7,500 to $8,999	99,125	12.0
Total	826,032	100.0

Assuming the funding of SEOG (EOG) at a level of $959 million and maintaining the average grant of $670 per student, an additional 605,268 students would receive grants providing a total of 1,431,300 students with SEOG grants.

The additional SEOG grants would fall in the over $9,000 family income category.

Mr. Smith. That is a good point.

Dr. Ottina. The essential difference between the two, I think you made this point many times, is that it is not a different class of student or different set of institutions, but to whom the grant is awarded and his choice. In the case of the BOG program, the grant is to the student, who then makes the choice of institution. In the case of the supplemental grant or the old EOG, it is channeled through the institutions themselves. After a review process, an amount is granted the institution, and the student must go where the money is.

It seems to me that is the fundamental difference in terms of the two programs.

Mr. Smith. I would like to discuss that later.

ADJUSTMENTS FOR VETERANS' BENEFITS

There are many points I could make but we don't have time. I want to get this clear again after you thought about it overnight and had a chance to reread your regulations.

If it is a veteran, one-half of the income attributable to the dependent is included in the determination of income?

Mr. Voigt. Correct.

Mr. Smith. If it is a nonveteran and they get money from a trust fund or private insurance company, it is not included?

Mr. Voigt. If he is a dependent student, that is correct. At the same time, the veteran can himself have income as any other dependent student aside from his veteran benefits.

Mr. Smith. What you are doing is treating veteran benefits as income when nonveterans' benefits of the same nature, even though they don't come from the Government, is not treated as income.

Mr. Voigt. The difficulty in treating student income in a system that is as large as ours, or any flexible system, is that it is very difficult for students to estimate their current year income, particularly at the time of the application. At the same time, it is again unfair to go back to the prior year, particularly in student income, and try to include that in the determination of family contribution.

Mr. Smith. Why did you include it? Was this on account of the law or the way you drafted the regulation? Why did you include half of the Veterans' Administration payment attributable to the dependent in the case of the veteran, but do not include one-half of the income of the nonveteran that may be attributable to private insurance?

Mr. Muirhead. That requirement was specifically in the law.

Mr. Smith. You cannot do anything about that?

Mr. Muirhead. No, sir. We cannot do anything about the veteran contribution.

Mr. Smith. I think we have a real tough problem on this committee. How in the world could we rely so heavily on BOG's and not have all kinds of these kinds of cases like I brought up here this morning? I am talking about thousands. I think if we go ahead under this proposed budget shifting to BOG's and eliminating most of ongoing programs, in August, we will have another crises. When all these things from all over the country pop up that are so patently unfair, it makes the Congress look like we don't know what we are doing here and we will have some kind of emergency.

ADDITIONAL INSTITUTIONS ELIGIBLE TO PARTICIPATE

As I understand you, though, there is no way under the law that we can appropriate under BOG to take care of 1,500 extra institutions and then continue these other programs?

Dr. Ottina. I cannot imagine that. That flows through the students unless we change the eligibility of where those students could go.

Mrs. Green. Would you yield?

Is that the question that you asked a while ago?

Mr. Smith. Not really.

Mrs. Green. What institutions? I don't understand this 1,500 institutions. What institutions will not get EOG that would receive BOG's? The requirements are the same?

Dr. Ottina. That was said earlier to Mr. Smith. There is no dispute between SEOG and BOG.

RELATIONSHIP OF INSTITUTIONS PARTICIPATING IN BOG AND DIRECT LOAN PROGRAM

Mr. Smith. Take direct loans, where it is more clear. In BOG, the student gets money and goes where he wants to. Are there 1,500 institutions which are not getting allotments of direct loan money?

Mr. Muirhead. Right.

Mr. Smith. Is there a way under the law that we could appropriate some money for an estimated amount to take care of those students that want to go to institutions that are not eligible for direct loan money?

Mr. Muirhead. I don't know.

Mr. Smith. Can't be done?

Mr. Muirhead. I don't know what the law would permit but I think what you are saying is that you could provide NDEA Federal capital contributions to institutions, that do not now have an NDEA program.

Mr. Smith. No, that is not what I am saying.

Mr. Muirhead. Or the 1,500 institutions participating for the first time?

Mr. Smith. First of all, how much of this $959 million do you expect to be spent in institutions which do not now get direct loan money?

Mr. Muirhead. If we make the assumption that the 3,000 institutions that are now participating in student financial aid programs are all participating in NDEA, that is probably a fair assumption. That is the program that is most widespread, and if we then said as a result of the law we have extended the eligibility of institutions to bring in about 1,500 that have not participated in those programs, then I am reasoning that they would be the ones that would need the money to start an NDEA student loan program.

I don't know whether the law would permit that.

Mr. SMITH. I am not talking about starting an NDEA loan program in those institutions. Out of the $959 million, how much do you think will be taken by students and spent in institutions that are not now covered by NDEA?

Mr. VOIGT. We don't have estimates with us at this time. We would have to supply them.

Mr. SMITH. They are obviously institutions which are much smaller?

Mr. VOIGT. Yes.

Mr. SMITH. A couple of million would surely be quite a bit to cover them, wouldn't it?

Mr. VOIGT. I would expect it would be less than 200 million because they are very small institutions.

Mr. SMITH. I would think so, too.

In other words, if the BOG program were limited to those institutions that do not now get allocations of direct loan money, it would be less than $200 million?

Mrs. GREEN. Would my colleague yield?

Every institution is entitled to the allotment for the NDEA loan. All colleges and universities are.

Mr. VOIGT. Under the changed regulations. The eligibility list for all of what we traditionally call college-based student aid program and basic grants program is now the same.

Mr. SMITH. Whether BOG or direct loans, the number of institutions eligible is going to go to 4,500; is that right?

Mr. MUIRHEAD. That is right, 4,500.

Mr. SMITH. This is immaterial then. We could take all of the $959 million and put it into direct loan and work study and EOG and not be leaving out any institutions then?

Mr. VOIGT. That is correct.

Mr. NATCHER. Mr. Michel.

Mr. MICHEL. Thank you.

NUMBER OF PUBLIC AND PRIVATE INSTITUTIONS

First, how many public institutions and private institutions do we have, for the record?

[The information follows:]

NUMBER OF PUBLIC AND PRIVATE INSTITUTIONS ELIGIBLE TO PARTICIPATE IN THE PROGRAM

The Accreditation and Institutional Eligibility Staff, OE, reports the following numbers of institutions who are approved for participation in the programs of student assistance:

	Private	Public	Total
Degree granting:			
4 year	1,120	456	1,576
2 year	253	755	1,008
Schools of nursing	427	63	490
Total	1,800	1,274	3,074
Nondegree granting:			
Proprietary			860
Public and nonprofit			1,315
Total degree and nondegree granting			5,249

NUMBER OF STUDENTS ENROLLED

Mr. MICHEL. Also, the number of total students attending public and private institutions, so that I can relate those figures to this percentage breakdown.

Mr. MUIRHEAD. We will be glad to provide such a table for the record.

[The information follows:]

NUMBER OF TOTAL STUDENTS ATTENDING PUBLIC AND PRIVATE INSTITUTIONS

The National Center for Educational Statistics reports the following preliminary estimates for Fall, 1972:

Students enrolled in degree granting and occupational postsecondary institutions.

Public	6,986,000
Private	2,138,000
Total	9,124,000

The total of undergraduate students is 8,209,000.
The total of graduate students is 915,000.

CONCERN ABOUT PROBLEM CASES

Mr. MICHEL. I can share some of Mr. Smith's concern about some problem cases cropping up here and there. I think he might have overemphasized the number of real problem cases that will arise, but I think it is fair to state that in this computerized routine there are going to be some, and I would like to see some degree of flexibility to take care of those cases.

I know that you are shooting the works on BOG's, but what do we need in SEOG then to supplement BOG's to take care of these critical problem areas so that if this does crop up here from time to time, these cases that really ought to have more personal attention by the local institutions are going to be taken care of?

I would have to assume these student assistance people at the institutions would use the same fine comb in making their determinations, that they wouldn't just promiscuously be doling it out and leave us with another big scandal on our hands.

Have you given any thought to that? Is it absolutely verboten to talk about something like that?

I must confess that I have a little bit of a problem understanding Mrs. Green's position with respect to our not confining our aid to this one segment where we have been doling out everything while there is a broad spectrum of middle America that ought to be taken care of as well. It seems to me that with BOG we are moving to cover the broad spectrum and I think it is necessary and desirable. By the same token, maybe it is a question of a new kind of floor, taking care of middle America in addition to supplementing those more needy cases like we have been doing in the past.

How do we get the proper kind of mix to do that?

Mrs. Green, I don't know, but I get the feeling that generally your philosophy is one of trying to take care of a broad spectrum of middle America by this. The BOG program would seem to be an approach that cuts across the entire student population without telling the institutions how to run their business, either, and I think we would like to do that.

By the same token, I don't want to see us getting in the position here where there are a number of cases, such as Mr. Smith cited, where we just have the whole thing undermined. It only takes a couple examples for you to get your whole program gutted. They'll say, if that can happen there is something definitely wrong with it, so out goes the whole shebank. I think there is more at stake here and with a little more give and take on the part of some people you can have what you want and still keep us from getting ourselves in so much hot water that the whole thing goes asunder.

Mr. Muirhead. It seems to me that you are stating very well what are the differences in degree between us. You are suggesting ways in which the gap or difference might be closed.

I think Mr. Smith has quite properly pointed out a number of cases where on the face of it it would appear to be inequitable. I have to reply that those are unusual cases. I cannot cite chapter and verse as to the number of them but I think we should point out that they will come about under any system of student financial needs analysis. Basically we are using the same guidelines for this program that have been used by the Congress for many, many years. The factor that is not built into our program is the judgmental factor, that the professional student financial aid officer can use, and does use, to very good advantage. We are making a judgment and we may be wrong but we are making a judgment that the amount of money that will be available in college work study and in NDEA loans and in institutional assistance will be enough for the professional student financial aid officer to take care of these cases that on the face seemed to be inequitable. I cannot answer there is enough money there to do it. Our judgment has been that there is.

Mrs. Green. Would my colleague yield?

EFFECT ON MIDDLE-INCOME FAMILIES

It seems to me on the subject you are talking about, they are squeezing out middle-income America, to which I strongly object. There are two basic things that seem to me are wrong. Through EOG, the Federal funds are channeled to the students through the institution. In BOG, the Federal funds are channeled through the Office of Education to the student. There is an intermediary in each case. In BOG, the Federal Office of Education, in EOG the individual institution.

Secondly, in presenting their case for BOG they argue there would be equity because every student will get a "comparable grant," I believe were the words used, regardless of the school.

On the charts, if a student is in category X and gets $600, he gets that in any college in any part of the country. If he is in category Y he is going to get $300, and he will get it at any institution. But, no student can go to a college or university for $600 or $300; there is absolutely no guarantee of equity, any more than under the present programs in the rest of the funds a student must find. They still have to add funds from working or through institutional scholarship or through EOG or through work study or NDEA loans or guaranteed loans. Every one of them is administered by the student financial aid officer.

If you accept the case for equity, and let's do it now for the sake of argument, you can only accept it up to the point and up to the limit of what they might receive under BOG. Then you have to do the same thing you are doing now, go to the student financial aid officer to provide the rest of the funds.

AVAILABILITY OF LOANS TO LOW-INCOME STUDENTS

Mr. MICHEL. Dr. Muirhead, I agree with you that there are a number of students in low-income brackets that have the need and have in fact received loans from financial institutions. This is true in my own home town. Admittedly there may well be some areas of the country where the picture is not the same as it is in my home community, and it does not do any good for me to say it is great in my district if there are 434 where it is lousy. So, I would like you to give us for the record some numbers and figures—valid ones, no puffing up, just the unadulterated truth of what the statistics show—to give us something to put a handle on whether or not there are a good number of students in the low-income brackets that are able to get student loans.

I must confess I don't buy the proposition that student assistance has to be a grant, that it has to be a free ride and family contributions, and the students' own efforts are not a necessary part of this. I think they are, but there is always a proper mix, and that is what the big debate is all about.

Thank you.

[The information follows:]

Several hundred thousand students from low-income families have and are continuing to receive guaranteed loans. Over 1.7 million loans have gone to students from families with gross incomes under $6,000 since the beginning of the program. During the past 2 years, the record is as follows:

NUMBER OF GUARANTEED STUDENT LOANS

Gross family income	Fiscal year 1971	Percent of all loans	Fiscal year 1972	Percent of all loans
Under $3,000	130,836	12.1	148,243	11.8
$3,000 to $5,999	176,249	16.3	203,520	16.2
Total	307,085	28.4	351,763	28.0

Mr. NATCHER. Mr. Obey?

RECAP OF BUDGET REQUEST FOR STUDENT AID

Mr. OBEY. As I understand it, for 1974–75 you are providing $959 million for BOG's?

Mr. MUIRHEAD. Yes, sir.

Mr. OBEY. $250 million for college work-study, and nothing for SEOG's or direct loans; right?

Mr. MUIRHEAD. Yes; $250 million for work-study, and while we are requesting no new funds for NDEA capital contributions, $23.6 million to be obligated late this year will be used in 1973–74, and this together with $150 million in loan repayments plus miscellaneous transactions will make $180 million available for direct loans in 1973–74.

Mr. OBEY. 1974–75?

Mr. MUIRHEAD. Which will be available for the next college year. It will not be available for the 1974–75 college year, but the 1973–74 college year.

Mr. OBEY. I am talking about the next year.

Mr. MUIRHEAD. Then your statement is quite correct.

Mr. OBEY. What is the maximum under the law that we can provide for EOG's?

Mr. MUIRHEAD. Maximum under the law for EOG's is $200 million for initial year awards, and such sums as are necessary for renewals. I suppose $200 million would be the new appropriation and we would have to document the number of renewals to justify whatever additional money was appropriated.

SUGGESTED ALTERNATIVE TO BUDGET REQUEST

Mr. OBEY. What is wrong with simply providing the $130 million minimum that the law requires now and providing the $286 million for direct student loans and making the rest available for BOG? What is wrong with that in the practical solution?

Mr. MUIRHEAD. The most basic thing that would be wrong with that is that it would reduce the $959 million below the point where we would be fully funding basic opportunity grants. Our priority is to fully fund the basic grant program because we believe that that is the most effective way to use the available money.

Mr. OBEY. If we forget the magic of full funding for a minute, as a practical matter, isn't that an equitable compromise between what the administration wants and what some others might want?

Dr. OTTINA. It depends on your belief of whether State formulas and within the State distribution to institutions is equitable or not, because the SEOG program is distributed to the State and then within the State.

Mr. OBEY. Let us assume there are some inequities in the State allocations, but I think, as Mr. Smith pointed out, there are certainly some inequities in following a hard and fast rule for the allocation of BOG's. Don't you have a balance of inequities if you do it the way I have suggested? I want your honest assessment. Is this a reasonable compromise or do you think it is outlandish?

Dr. OTTINA. I don't know whether you balance inequities. I just don't know.

Mr. Miller. The issue is coming back again and again, do you believe you have some kind of program where each student who is entitled knows how much is available to him depending upon the school he chooses, or would you rather give the money to the institutions?

MINIMUM FUNDING FOR BOG

Mr. Obey. I am not saying we toss out BOG's. I am saying what would happen to BOG's if we left the program at $543 million.

Mr. Miller. The problem is the level of award for each student. Depending on your view, it may or may not be enough to be a credible amount, particularly at the lower income level.

Mr. Obey. I thought you, Doctor, told us last week if we funded at $550 million, that that was the minimum amount we could fund it at and have a credible program?

Mr. Muirhead. We were asked that question with regard to the $622 million and we replied that below $500 million that the program would not be a viable program, but what we would like to say is that in order to carry out the objective of the program, which is to reach out for equal education opportunity, that we would like to fully fund it.

Mr. Obey. I understand that and I am not trying to badger you. I am just trying to understand this in my own mind. Would you make the same statement for next years budget that you made for the supplemental on BOG's? Could you still administer the program reasonably well with the same amount of money which you indicated was the minimum amount that you could have for BOG's in 1973?

Mr. Muirhead. We could make the same statement as to a viable program. I think, though, to be fully responsive to your question as to whether or not we would support or would advocate putting $286 million in the budget for NDEA and $130 million for BOG's and $543 million for BOG's, that we feel that that would not be an effective way to use the Federal resources.

Mr. Obey. I am trying to pin down this. Is there anything which would indicate that, while the figure you used of about $550 million would be adequate to begin the program in this fiscal year, is there anything to indicate that that amount would have to be changed in order to be adequate for the next fiscal year?

Mr. Muirhead. Oh, yes; there is a great deal to indicate that that figure would have to be changed. If you in your judgment decided that in our fiscal 1973 supplemental that you were going to provide $500 million, whatever it is, we would not want you to harbor the idea that we felt that was satisfactory.

Mr. Obey. No; I am not asking if it is satisfactory but can you run the program for a while on it? What you seem to imply is in 1973 unless we give you $550 million or more, forget BOG's. I think that was the implication for the 1973 year.

My question is this: Is that the same for 1974? If we have the choice of providing $550 million for BOG's or providing zilch, should we forget it for the second year or could you do with that amount?

Mr. Muirhead. Well, the same line of reasoning would apply in beginning the program in 1974 as would apply beginning the program in 1973.

GRANTS VERSUS LOANS

Dr. **Ottina.** Let me just add one point that I dont quite understand where you drive to, sir. It seems to me if I were a student and I had a choice, I would prefer that the $286 million be made available in grants rather than in loans. I could get a larger grant and then get a guaranteed loan. If you took part of my grant in order to give me a direct loan, you would increase my debt.

Mr. **Obey.** If you are the kid who comes out well under BOG, that is true, but if you are not and if your practical choice then is what kind of loan you are going to get, what the administration is doing is minimizing his opportunity to get a direct loan to the extent of the $286 million which isn't going to be in there this year and increasing the likelihood that somewhere he is going to have to pick up a good amount of that by going to the other loan program at far higher interest rate.

Dr. **Ottina.** But there is no difference while he is in school.

Mr. **Obey.** I understand that but I am looking at a kid over a total number of years. I don't know how I could have paid back a student loan at 7 percent when I got out of college given the income I had the first 4 or 5 years I was out. I would probably have been in that default category that you list.

Mr. **Smith.** You are also denying some students 5 years from now the use of the money again. The success of that is shown by the fact that you have $150 million coming back this year. If they all received opportunity grants instead of direct loans, they wouldn't have that $180 million to reloan.

Mr. **Obey.** I would like to see the BOG's get started but I don't want to see them get started at the expense of these other two items because I think there are two gaps in your presentation: One, the increased reliance upon BOG's for some people who don't happen to be nice and average, for some people who fall into a problem area and are going to have to get that higher interest loan; and, second, you do remove some of the flexibility by eliminating the funds for SEOG's.

It seems to me you do eliminate the very possibility of straightening out some of the problems that are created by the rigidity of the BOG formula. You build a rigid formula that may be good for 70 to 80 percent of the kids but you deny an opportunity at least with the use of Federal money to take care of those inequities by having the other money available in SEOG and that is the point I don't understand. I don't understand why you shouldn't have both of them.

Mr. **Muirhead.** Mr. Obey, I can very well follow your rationale on the matter of more flexibility for the student financial aid officer insofar as he might have available to him more grant funds but I don't follow the rationale by substituting $286 million in loans for $286 million in grants.

It is a much more generous Federal posture to provide grants to help young people with their higher education costs than to provide loans.

Mr. **Obey.** There are still going to be a significant number of kids who are going to have to get a loan at 7 percent.

Mr. **Muirhead.** And I think we should indicate that that difference between those loans is not 7 and 0; it is 7 and 3. The difference is 4 percentage points.

Mr. Obey. I understand but over a 15-year life of a loan that is a big amount of money.

SAMPLE CASE UNDER BOG

Just one question. I want an answer to this because I have a specific example of a person in my district. Say you have a family under BOG where the parents were divorced about 18 months ago and the father and mother decided that, instead of alimony, the father would just pay off the house so he gave his wife the house. She has an equity of $18,000 and three kids, one of whom will be going to college. In the meantime, the old man skips town and there is no way you are going to trace him to obtain his support payments for the kids. What would they wind up paying at the average cost 4-year public institution?

Dr. Ottina. What were his average earnings?

Mr. Obey. The woman works as a typist and earns, I assume, about $5,000 a year.

Mr. Muirhead. I guess I would not facetiously but respectfully submit that that really isn't a problem for the Federal Government to figure out. That would seem to be a problem for the court to figure out.

Mr. Obey. I understand that, but you check the number of fathers who are really providing support or alimony today and you are going to find that it is mighty low as the years go by.

Mr. Muirhead. I don't think the Congress had that kind of a case in mind when they developed the——

Mr. Obey. But I would like to know just for my own purpose what she will get.

Dr. Ottina. The student will be eligible roughly for a maximum BOG of $900.

Mr. Smith. It seems to me with one person working and three children, $5,000 would about wash out.

Dr. Ottina. I took back the $10,000.

Mr. Obey. At $18,000?

Dr. Ottina. $7,500 does not count.

Mr. Muirhead. It is offset.

Mr. Obey. Thank you.

Mr. Natcher. Mr. Shriver.

AVAILABILITY OF BANK LOANS

Mr. Shriver. I have no questions because we have covered about everything, except I want to say this. I know in my district there are nine colleges and universities and the finance institutions are loaning money to the students regardless of where they come from.

I can take you to one right tomorrow if you would like to.

Mr. Smith. Can you get me the name of a bank that will loan to some colleges in Iowa where students are not able to find the money now?

Mr. Shriver. Yes, sir.

Mr. Smith. I would like to have the name of the bank.

Mr. Muirhead. Mr. Smith, it is high time we answered your question and we will get you names of banks in Iowa.

Mr. Smith. As a matter of fact, the colleges tell me that, in addition to them not loaning money, that when they have any paper they are able to discount, they keep the money and don't reloan it.

Mr. NATCHER. Mrs. Green.

Mrs. GREEN. Thank you, Mr. Chairman.

DIFFERENCES BETWEEN BOG AND EOG PROGRAMS

If I may, I'd like to refer to two or three statements that have been made.

Mr. Muirhead, you said, in response to Mr. Smith's question, that you are figuring the BOG exactly the same as you are now figuring EOG and we have gone over this record several times; on questioning you do admit that you do it differently, treating veterans and social security benefits differently than was requested under EOG. The right to an EOG is based for the needy student on whether with or without the help the student would be able to attend that college and that is the judgment the student financial aid officer has to make; in BOG you don't have that flexibility.

There are differences, aren't there, just to get the record straight?

Mr. MUIRHEAD. I think I would respond to that and I will word the language just a little differently.

I said that the basic concepts that apply to determining financial need are pretty well established in the colleges and universities and they are reflected in the financial means test that we have set up in BOG's.

Now, there are differences but they are not marked differences.

INEQUITIES IN STATE ALLOCATION FORMULA

Mrs. GREEN. Student financial aid officers think there's a marked difference. Dr. Ottina, you talked about the State allocation and there being inequities in the State allocation. The committees have always maintained these allocations to prevent the Office of Education from manipulating the funds.

If you have heard some of the Senators and some of the House Members you know that is a very hot question. There are inequities now, I agree, and I have asked this question before, but let us go through it again because of your statements.

Is it not true that, if EOG had ever been fully funded, there would be no inequities in the State allocation and the only reason inequities have occurred is because full funding has never occurred?

Dr. OTTINA. Since that was addressed to me, I don't really know the answer to the question. I was also talking about another bit of inequity and that was that the continuation of the distribution was to an institution so that a student in his making a decision on whether he should or shouln't go to college had to line himself up with an institution that had available grant money.

Mrs. GREEN. Let me go to that point and then come back to Mr. Muirhead. He is going to get the money and he doesn't have to aline himself with the institution.

AMOUNT OF BOG AWARD RELATED TO COST OF ATTENDING COLLEGE

The student may or may not—I have serious questions; you do not—he may or may not know the exact amount he would get under BOG's, to which is supposed to be entitled before he is actively enrolled in an institution. But isn't it a fact that for the poor student where the cost may be $3,000 or $4,000 at the institution, and he falls under a category where he is going to get $700 under BOG that until he has actually enrolled at that institution and has sat across from the student financial aid officer and found out how he is going to get the rest of the money that he will never know whether or not he can go to school that year?

Mr. Muirhead. You are quite right. The basic opportunity grant entitlement about which he will be informed will not be enough to meet the cost of the institution.

Mrs. Green. But you base your whole argument on this: One, there is going to be equity and ~~every~~ kid is going to know ahead of time and threfore the money isn't going to depend on the institution giving it to him, but he is not going to know whether he can go to that college that year until he is enrolled.

Mr. Muirhead. We expect the process of packaging student aid to continue much as it is performed now except that the student will know that he can count on his basic grant.

Mrs. Green. The basic grant obviously will not be enough and so he or she must find out about the other funds from the financial aid officer and discuss this whole thing.

Mr. Muirhead. That is precisely how we expect the program to operate.

Mrs. Green. Then I don't see your argument.

Dr. Ottina. As we have talked about cases here you can speculate with us that there are a number of cases where the student aid officers will find that the only element that is needed in his being able to attend that school is the BOG. The student may have an outside job which would pay for the rest. He may have already a guaranteed student loan or others.

Mrs. Green. This, of course, is presently true under EOG. As I see it, in most cases the needy student would not be able to attend college unless the student financial aid officer found extra money for him?

Dr. Ottina. I don't know the percentages but I am sure that there are cases on all sides of that issue.

Mrs. Green. Yes, but you can't make any generalization that just because of knowing ahead of time how much a student is going to receive under BOG then he could enroll at the institution of his choice.

Dr. Ottina. For some students I am sure that would be true.

Mr. Muirhead. We have not claimed and would never claim that basic grants would open the door to the college of the youngster's choice. What we are saving is that the basic grant will bring him to a level where he will not have to borrow as much or work as much.

FUNDING EOG AT THE LEVEL OF BOG

Mr. Green. Mr. Muirhead, isn't it true that if EOG were funded at the same level as BOG the exact situation would be true there and then more because he is entitled to more under EOG. He is entitled up to $500 in 1 year and he might be entitled to $1,500 another year. Isn't that true?

Mr. Muirhead. $1,500.

Mrs. Green. That is right, in EOG isn't that correct?

Mr. Muirhead. For SEOG, the maximum award is $1,500 a year and a total of $4,000 except in special circumstances where the total could go to $5,000. We are trying to make the point that, in the case of a basic grant, the student will know, before hand, how much he is likely to receive.

Mrs. Green. Under BOG only.

Mr. Muirhead. That is right.

Mrs. Green. But what difference does that make? So I know ahead of time that I am going to get $300 from BOG and I want to attend Radcliffe and somehow I have to find 3,800 other dollars to go to Radcliffe.

So I know in March I am going to get $300 BOG. What good is that until I enroll at Radcliffe and I find out how much I am going to have to raise, the $3,800, or if I go to the University of Oregon or other school?

Mr. Muirhead. The difference it makes is that if we do not have the basic opportunity grant program he will not know what the foundation grant is that he has in hand. He will not know that until he consults with the financial aid officer.

Mrs. Green. The foundation grant doesn't make a bit of difference in whether he attends school or not. You have said repeatedly throughout the hearings that a wider range of students will be helped under BOG than EOG. We have gone through this again but since you again repeated that this morning will you explain your reasoning?

Mr. Muirhead. I have said that the BOG's will include many more institutions that were not eligible before.

Mrs. Green. What institutions?

Mr. Muirhead. The postsecondary institutions that until the education amendments of 1972 were passed were not eligible.

Mrs. Green. I am talking about now. You are saying for 1973 in your supplemental and 1974 that a wider range of students will be helped under BOG than under EOG. I want to know why. Don't say what the law was 2 years ago.

Mr. Muirhead. I have said and said repeatedly that a wider range of students would be eligible for BOG's than ever has been the case before. You are quite right in pointing out——

Mrs. Green. Isn't it true for the supplemental for 1973 and for 1974 that there would be an equally wide range of students who could be helped under EOG as could be helped under BOG?

Mr. Muirhead. That is true.

Mrs. Green. So there is no difference about the two appropriation bills we are talking about.

Mr. Muirhead. You are quite right and my statement has been that for the first time we will have a much wider range of students either under BOG or under supplementary opportunity grants or under education opportunity grants than ever has been the case before.

Mrs. Green. If you fund BOG at $959 million and fund EOG at $130 million, you know, a third grader could add that up. You are going to help more students with $959 million, but if you appropriate the same amount of money, for EOG or BOG, you would help the same number of students and the range is exactly identical under the law.

Mr. Muirhead. Yes.

Mrs. **Green**. What you have repeated so many times seems to me to be intentionally misleading.

Dr. **Ottina**. I am not sure your statement is guaranteed as you say it is as I analyze it. It seems to me under the BOG program since the contributions go through this process that we know the number of kids that will get help and the amounts and we can make a fair estimate and prediction on the amounts and the levels, but the other depends on another set of actions.

The same amount of money could grant for smaller numbers of awards at higher values and consume the same amount of money or the inverse would be true.

Mrs. **Green**. That would be true in either BOG or EOG.

Dr. **Ottina**. I don't believe that would be possible.

Mrs. **Green**. Mr. Chairman, at this point, I already have asked and I would renew the request that you present the identical charts with the EOG's funded at $959 million, which you claim is full funding for BOG and then we would be in a position to really examine how many students are going to be helped, and what financial groups, et cetera.

I would ask also, Mr. Chairman, at this point, the charts in the most recent publication by the National Association of Student Financial Aid Officers: First, the institutional request of how much money they think they will need for each program and then, second, the panel-approved request. I would ask that the charts for the National Defense Student Loans, the college work-study the educational opportunity grants for the initial year, the renewal year, and the combined. Each prepared chart is for the fiscal years, Mr. Chairman, of 1968, 1969, 1970, 1971, 1972, 1973, and 1974.

Mr. **Natcher**. Without objection it is so ordered.

[The information follows:]

TABLE I.—NATIONAL DIRECT (DEFENSE) STUDENT LOANS

For use in— Fiscal year / Academic year	1968 1967-68	1969 1968-69	1970 1969-70	1971 1970-71	1972 1971-72	1973 1972-73	1974 1973-74
	Dollars in millions						
Authorization	225.0	210.0	325.0	375.0	375.0	400.0	400.0
Institutional requests	243.1	269.7	318.0	331.1	399.4	534.0	[1] 641.0
Panel approved requests	230.2	246.7	273.4	283.4	337.1	454.1	[1] 544.8
Appropriation	190.0	190.0	188.6	238.5	[2] 309.6	286.0	....
Allocation	190.0	190.0	188.6	238.5	286.0	[3] 286.0	....

[1] Estimated.

[2] $23.6 million supplemental distributed in fiscal year 1973.

[3] Incaudes fiscal year 1972 supplemental of $23.6 million, but does not include $23.6 million of fiscal year 1973 appropriation yet to be distributed to institutions.

TABLE II.—COLLEGE WORK-STUDY

For use in— Fiscal year / Academic year	1968 1967-68	1969 1968-69	1970 1969-70	1971 1970-71	1972 1971-72	1973 1972-73	1974 1973-74
	Dollars in millions						
Authorization	165.0	200.0	225.0	275.0	320.0	330.0	360.0
Institutional requests	174.2	232.7	275.0	321.7	345.6	455.0	[1] 568.7
Panel approved requests	158.8	197.6	219.3	234.4	305.6	407.6	[1] 511.8
Appropriation	134.1	139.9	139.9	158.4	156.4	270.2	....
Allocation (including carry-over funds)	131.5	161.9	169.4	190.6	237.4	270.2	....

[1] Estimated.

TABLE III.—EDUCATIONAL OPPORTUNITY GRANTS (INITIAL YEAR)

For use in— Fiscal year / Academic year	1968 1967-68	1969 1968-69	1970 1969-70	1971 1970-71	1972 1971-72	1973 1972-73	1974 1973-74
	Dollars in millions						
Authorization	70.0	70.0	70.0	125.0	170.0	170.0	200.0
Institutional requests	65.2	62.9	119.5	136.2	185.0	276.0	[1] 331.2
Panel approved requests	58.5	73.1	98.7	118.4	156.5	229.1	[1] 281.5
Appropriation	56.8	43.1	29.9	89.0	75.1	78.1	....
Allocation (including plus and minus transfers of funds)	50.3	67.6	54.1	88.0	95.0	78.1	....

[1] Estimated.

TABLE IV.—EDUCATIONAL OPPORTUNITY GRANTS (RENEWAL YEAR)

For use in— Fiscal year / Academic year	1968 1967-68	1969 1968-69	1970 1969-70	1971 1970-71	1972 1971-72	1973 1972-73	1974 1973-74
	Dollars in millions						
Authorization	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Institutional requests	58.4	90.5	100.6	108.8	111.0	145.0	[2] 174.0
Panel approved requests	58.8	86.0	91.2	101.6	102.5	132.1	[2] 180.1
Appropriation	56.2	97.5	94.7	75.0	102.5	132.1	....
Allocation (including plus and minus transfer of funds)	[3] 58.5	[3] 69.0	[3] 90.7	[3] 75.0	[3] 82.3	132.1	....

[1] Such sums as may be needed.

[2] Estimates.

[3] Institutions were to transfer whatever additional amounts were needed from their initial year allocations.

TABLE V.—EDUCATIONAL OPPORTUNITY GRANTS (COMBINED)

For use in— Fiscal year / Academic year	1968 1967-68	1969 1968-69	1970 1969-70	1971 1970-71	1972 1971-72	1973 1972-73	1974 1973-74
	Dollars in millions						
Authorization	[1] 70.0	[1] 70.0	[1] 70.0	[1] 125.0	[1] 170.0	[1] 170.0	[1] 200.0
Institutional requests	124.6	173.4	220.1	245.0	296.0	421.0	[2] 505.2
Panel approved requests	115.3	159.9	188.9	220.0	258.0	361.2	[2] 441.6
Appropriation	112.0	140.6	124.6	164.0	177.6	210.2	....
Allocation	108.8	136.6	[3] 144.8	164.0	177.3	210.2	....

[1] Plus such sums as are needed.

[2] Estimated.

[3] Includes $20,200,000 carryover from fiscal year 1969.

TABLE VI.—NDSL, CW-SP, EOG (COMBINED)

For use in— Fiscal year / Academic year	1968 1967-68	1969 1968-69	1970 1969-70	1971 1970-71	1972 1971-72	1973 1972-73	1974 1973-74
	Dollars in millions						
Authorization	518.8	566.8	711.2	876.6	967.5	1,032.1	1,120.1
Institutional requests	541.9	675.8	813.1	897.8	1,031.0	1,410.0	[1] 1,714.9
Panel approved requests	504.3	604.2	682.6	737.8	901.7	1,222.9	[1] 1,498.2
Appropriation	436.1	470.5	453.1	558.9	620.0	790.0	....
Allocation (including carry-over funds)	430.3	488.5	502.8	600.1	700.7	780.9	....

[1] Estimated.

Mrs. GREEN. It is interesting to note that the institutions which are most closely associated with student needs and student problems do not request total grants nearly as high as the Office of Education does; their requests for work-study funds and NDEA loans are much higher in terms of the total number of students helped.

Thank you, Mr. Chairman.

Mr. NATCHER. Thank you, very much.

CLOSING REMARKS ON EDUCATION HEARINGS

Now, Dr. Ottina and Mr. Miller, this winds up our hearings on the 1974 budget for the Office of Education. During the course of the hearings this week and last week, members of the subcommittee have requested a great deal of information for insertion in the record. I would like you to instruct your staff to give top priority to the preparation and submission of this material to the subcommittee staff, so that there is a minimum of delay in getting these hearings into print. As Mr. Miller knows, there is much ground still to be covered in the hearings on the 1974 budget, and we shall need all of the assistance we can get from the HEW staff to keep things runing smoothly.

Thank you, gentlemen. Thank you very much.

The committee will adjourn until 2 p.m. Monday.

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